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BEFORE THE
ILLINOIS COMMERCE COMMISSION

AMEREN ILLINOIS COMPANY d/b/a) DOCKET NO.
AMEREN ILLINOIS) 12-0244
)
)
Verified petition for approval)
of smart grid advanced)
metering infrastructure)
deployment plan.)

Thursday, September 20, 2012
Springfield, Illinois

Met, pursuant to notice, at 9:53 a.m.

BEFORE:

JAN VON QUALEN & STEPHEN YODER, ALJs

APPEARANCES:

EDWARD FITZHENRY
1901 Chouteau Ave.
P.O. Box 66149
Mail Code 1310
St. Louis, Missouri 63166

(Appearing on behalf of Petitioner)

L.A. COURT REPORTERS

By: Tricia L. Gudgel, Reporter

1 APPEARANCES: (CONT'D.)

2 MARK WHITT & CHRISTOPHER KENNEDY
3 WHITT STURTEVANT, LLP
4 180 North LaSalle
Chicago, Illinois 60601

(Appearing on behalf of Petitioner)

5 KAREN LUSSON & TIM O'BRIEN
6 100 W. Randolph Street
Chicago, Illinois 60601

7 (Appearing on behalf of the Office of
8 the Attorney General)

9 KRISTIN MUNSCH & ORIJIT GHOSHAL
10 309 W. Washington Street, Suite C-800
Chicago, Illinois 60606

11 (Appearing on behalf of Citizens Utility
12 Board)

13 PATRICK GIORDANO
GIORDANO & ASSOCIATES, LTD.
14 35 E. Wacker Drive
Suite 1525
Chicago, Illinois 60601

15 (Appearing on behalf of Comverge, Inc.)

16 JOHN SAGONE, JESSICA CARDONI
17 KELLY ARMSTRONG
18 160 N. LaSalle Street
Suite C-800
Chicago, Illinois 60601

19 (Appearing on behalf of staff witnesses
20 of the Illinois Commerce Commission via
21 videoconference.)
22

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1 PROCEEDINGS

2 JUDGE VON QUALEN: By the authority
3 vested in me by the Illinois Commerce
4 Commission, I now call Docket Number 12-0244.
5 This is the rehearing of the docket which
6 concerns the petition filed by Ameren Illinois
7 Company, doing business as Ameren Illinois;
8 pursuant to Section 16-108.5 of the Illinois
9 Public Utilities Act for approval of a smart
10 grid advanced metering infrastructure deployment
11 plan.

12 May we have the appearances for the
13 record, first on behalf of the petitioner.

14 MR. FITZHENRY: Yes. On behalf of
15 Ameren Illinois Company, my name is Edward
16 Fitzhenry. My address is 1901 Chouteau, that's
17 C-H-O-U-T-E-A-U, Avenue, St. Louis, Missouri,
18 63103.

19 MR. WHITT: Good morning, Your Honors.
20 Also on behalf of Ameren Illinois Company, Mark
21 A. Whitt, Christopher T. Kennedy from the firm
22 of Whitt Sturtevant, LLP, 155 East Broad Street,

1 Suite 2020, Columbus, Ohio, 43215.

2 MR. SAGONE: On behalf of the staff
3 witnesses of the Illinois Commerce Commission,
4 John Sagone, Kelly Armstrong, and Jessica
5 Cardoni, 160 North LaSalle Street, Suite C 800,
6 Chicago, 60601.

7 MR. O'BRIEN: Good morning, Your Honors.
8 On behalf of the People of the State of
9 Illinois, Timothy O'Brien and Karen Lusson,
10 L-U-S-S-O-N, Office of the Illinois Attorney
11 General, 100 West Randolph, Floor 11, Chicago,
12 Illinois, 60601.

13 MR. GHOSHAL: On behalf of the Citizens
14 Utility Board, Orijit Ghoshal, G-H-O-S-H-A-L;
15 Kristin Munsch, M-U-N-S-C-H, 309 West Washington
16 Street, Suite 800, Chicago, Illinois, 60606.

17 JUDGE VON QUALEN: Do you want to come
18 near a microphone, please?

19 MR. GIORDANO: Patrick Giordano and
20 Blake Barren (phonetic) of the law firm Giordano
21 and Associates, at 35 East Wagoner Street, Suite
22 1525, Chicago, Illinois, 60601 on behalf of

1 Comverge, Inc.

2 JUDGE VON QUALEN: Thank you.

3 Are there any others wishing to enter an
4 appearance? Let the record show there are not.

5 We are here this morning for the
6 evidentiary hearing. And are there any
7 preliminary matters before we begin? No.

8 Well, then, will the witnesses who are
9 present in the room please stand and raise your
10 right hand.

11 (Whereupon the Witnesses were sworn by
12 Judge Von Qualen.)

13 JUDGE VON QUALEN: Who is our first
14 witness?

15 MR. FITZHENRY: Mr. Nelson on behalf of
16 the Company, Your Honors. I ask him to come to
17 the stand.

18 My understanding is that the Attorney
19 General's office has waived cross-examination of
20 Mr. Nelson.

21 MR. O'BRIEN: That is correct.

22 MR. FITZHENRY: So we will just be

1 authenticating Mr. Nelson's testimony for the
2 record this morning.

3 JUDGE YODER: Before we start,
4 Mr. Nelson, is your microphone on?

5 MR. NELSON: Yes, it is.

6 JUDGE YODER: Thank you.

7 DIRECT EXAMINATION

8 BY MR. FITZHENRY:

9 Q. Mr. Nelson, would you please state your
10 full name, business address and title?

11 A. My name is Craig Nelson. I work for
12 Ameren Illinois Company. The address is 300
13 Liberty Street, Peoria, Illinois, 61602. Title
14 is senior vice-president, regulatory affairs and
15 financial services.

16 Q. Mr. Nelson, have you caused certain
17 testimonies and exhibits, if any, to be
18 submitted as evidence in this proceeding?

19 A. Yes, I have.

20 Q. I show you what's been previously marked
21 for identification as Ameren Exhibit 1.0 RH
22 titled "Direct Testimony on Rehearing of Craig

1 D. Nelson" and ask if that is the intended
2 direct testimony that you wish to submit into
3 the evidentiary record in this document.

4 A. Yes, it is.

5 Q. And does it consist of 16 pages of
6 questions and answers in Appendix A?

7 A. Yes.

8 Q. Do you have any corrections or edits to
9 the testimony?

10 A. I have none.

11 Q. If I were to ask you the same questions
12 that are set forth in the testimony, would you
13 give the same answers?

14 A. Yes, I would.

15 Q. Now I direct your attention to a
16 document that has been identified for the record
17 as Ameren Exhibit 6.0 RH titled "Rebuttal
18 Testimony on Rehearing of Craig D. Nelson" and
19 ask you if that's intended to be the rebuttal
20 testimony that you wish to submit into the
21 record in this docket?

22 A. Yes, it is.

1 Q. And was this prepared by you and under
2 your direction?

3 A. It was, yes.

4 Q. And does this testimony consist of
5 13 pages of questions and answers?

6 A. Yes.

7 Q. Do you have any corrections or edits to
8 this testimony?

9 A. I have none.

10 Q. If I were to ask you the same questions
11 set forth in the testimony, would you give the
12 same answers here today?

13 A. Yes.

14 MR. FITZHENRY: Thank you, Mr. Nelson.
15 That's all I have.

16 We move for the admission into the
17 record of Ameren Exhibit 1.0 RH and Ameren
18 Exhibit 6.0 RH.

19 JUDGE VON QUALEN: Are there any
20 objections to these exhibits?

21 MR. O'BRIEN: No objections from the
22 People.

1 JUDGE VON QUALEN: Hearing none, Ameren
2 Exhibit 1.0 RH, direct testimony of Craig D.
3 Nelson and Ameren Exhibit 6.0 RH, the rebuttal
4 testimony of Craig D. Nelson are admitted into
5 evidence.

6 (Whereupon Ameren Exhibits 1.0 RH and
7 6.0 Rh were admitted into evidence.
8 at this time.)

9 Thank you, Mr. Nelson.

10 MR. FITZHENRY: At this time the Company
11 calls Mr. Leonard Jones to the witness stand.

12 DIRECT EXAMINATION

13 BY MR. FITZHENRY:

14 Q. Good morning, Mr. Jones. Would you
15 please state your full name, your business
16 address and your title?

17 A. Leonard Jones, 1901 Chouteau Avenue,
18 St. Louis, Missouri, 63103. And position is
19 manager of rates and analysis.

20 Q. Thank you, Mr. Jones.

21 Have you caused to be prepared on your
22 behalf certain testimony for submission into the

1 record in this docket?

2 A. I have.

3 Q. I show you what's been previously marked
4 for identification as Ameren Exhibit 11.0 RH
5 titled "Rebuttal Testimony on the Hearing
6 Leonard Jones" and ask if that is, in fact, the
7 testimony that you intend to submit into the
8 record.

9 A. Yes.

10 Q. And was it prepared by you or under your
11 direction and supervision?

12 A. Yes.

13 Q. And is it correct this testimony
14 consists of 12 pages of questions and answers in
15 Appendix A?

16 A. Yes.

17 Q. Do you have any corrections or edits to
18 this testimony?

19 A. No.

20 Q. Mr. Jones, if I were to ask you the same
21 questions set forth in this testimony, would you
22 give the same answers this morning?

1 A. Yes.

2 MR. FITZHENRY: Thank you, Mr. Jones.

3 I tender Mr. Jones for cross-examination
4 and move the admission of Ameren Exhibit 11.0 RH
5 into the record.

6 JUDGE VON QUALEN: All right. We'll
7 wait on ruling on that.

8 And who has cross-examination for
9 Mr. Jones?

10 MR. GHOSHAL: CUB does. CUB does.

11 JUDGE VON QUALEN: Sure.

12 CROSS-EXAMINATION

13 BY MR. GHOSHAL:

14 Q. Good morning, Mr. Jones. My name's
15 Orijit Ghoshal. I'm an attorney with the
16 Citizens Utility Board. I will be asking you a
17 few questions about your rebuttal testimony.

18 A. Good morning.

19 Q. Good morning.

20 You are a manager of rates and analysis
21 for Ameren Illinois Company, correct?

22 A. Yes.

1 Q. And as manager of rates and analysis,
2 you are responsible for supervising the
3 administration of Ameren Illinois Company's
4 tariffs and regulated pricing, right?

5 A. Yes.

6 Q. Now, referring specifically to your
7 rebuttal testimony, that's Exhibit 11.0 RH,
8 lines 58 through 59. You were asked the
9 question: Why doesn't AIC plan to offer a CPP
10 electric power supply pricing program in the
11 near term, right?

12 A. Yes.

13 Q. In your opinion how long is "near term"?

14 A. I think consistent with my
15 recommendation to conduct a second workshop in
16 2016, I would place the near term at at least
17 out until 2016.

18 Q. And in response to that question, you
19 state that current Ameren Illinois customers
20 lack the sufficient metering, and that Ameren
21 Illinois Company is restricted in marketing
22 power and energy programs, correct?

1 A. Yes.

2 Q. And you do not offer any other reasons
3 of why Ameren Illinois Company does not plan to
4 offer a CPP pricing program in the near term,
5 correct?

6 A. On page 10 there's a quote from the
7 ComEd order that also discusses the IDC rules as
8 well as how the IPA would procure power, and I
9 would also add that to the reasons.

10 Q. Is the IDC rules that you refer to the
11 same restriction on marketing power and energy
12 programs?

13 A. Yes.

14 Q. On lines 89 through 99, can you explain
15 why, in your opinion, it is premature for Ameren
16 Illinois Company to develop a CPP or DLC program
17 at the outset of AMI deployment, right?

18 A. Right.

19 Q. And one of the reasons you give is that
20 the cost of generation capacity are forecasted
21 to continue to rise in the near future making
22 CPP or DLC programs more economically attractive

1 to Ameren Illinois' customers, right?

2 A. Yes.

3 Q. And those costs are forecasted to rise
4 regardless of what dynamic pricing rates are
5 offered to Ameren Illinois' customers, correct?

6 A. Yes.

7 Q. And specifically, on line 94, you state
8 that in the future, suppliers may offer, among
9 other things, DLC programs to Ameren Illinois'
10 customers, right?

11 A. Yes.

12 Q. Do any suppliers currently offer DLC
13 programs to Ameren's residential customers?

14 A. Not that I'm aware of, no.

15 Q. And this is just a clarification
16 question. On line 106 you refer to
17 inefficiencies in the market. Are you referring
18 to economic inefficiencies?

19 A. Ultimately, yes, it is economic
20 inefficiencies.

21 Q. On lines 110 through 118 you explain
22 your assumption regarding why other suppliers

1 will offer dynamic pricing programs to Ameren
2 Illinois' customers in the future, correct?

3 A. Yes.

4 Q. And you explain that consumer demand
5 will be present for customers to switch to
6 dynamic pricing programs to save money, right?

7 A. Yes.

8 Q. And that consumer demand to save money
9 on electric rates is present for Ameren
10 Illinois' customers right now, correct?

11 A. Could I have that question back please?
12 I want to make sure I fully understand.

13 (Whereupon the requested portion of the
14 record was read back by the Court Reporter.)

15 THE WITNESS: I would agree that the
16 consumer demand to save money on power and
17 energy over the BGS standard supply service is
18 present. I'm not convinced, sitting here today,
19 and in the market today that there's a demand
20 for critical peak pricing.

21 Q. (By Mr. Fitzhenry) On line 140 you refer
22 to stakeholders other than ICEA, right?

1 A. Yes.

2 Q. Specifically which stakeholders are you
3 referring to?

4 A. There could be other RES entities who
5 are not members of the ICEA. There certainly
6 could be curtailment service providers in the
7 market.

8 I understand curtailment service
9 providers are active in the PJM market. They
10 could be a stakeholder. And there may be others
11 I'm not aware of.

12 Q. Moving to lines 145 through 153. You
13 propose a two-workshop process to further the
14 discussion on potential dynamic pricing
15 programs, right?

16 A. Yes.

17 Q. And the first workshop would occur
18 during 2013, correct?

19 A. Correct.

20 Q. How long do you think this workshop
21 would last?

22 A. I'm not sure. It seems like we should

1 be able to wrap it up in six months or so.

2 Q. And what would be the final product or
3 goal at the end of this workshop?

4 A. The goal would be to ensure that the AMI
5 systems in talk with any DLC device or load
6 control device to enable direct load control
7 programs or critical pricing programs to make
8 sure that the RES community, third-party
9 supplier community has the information they need
10 and that they understand the protocols as well.

11 Q. And the second workshop that you
12 recommend would be initiated in 2016, right?

13 A. Yes.

14 Q. Do you envision a similar length or how
15 long would it last?

16 A. It could be six months. It could be
17 longer. I don't know.

18 Q. And in that workshop, what would be the
19 final product or goal?

20 A. I think the final product or goal is to
21 assess whether or not dynamic pricing is being
22 offered by third-party RES community or other

1 curtailment service providers. And if it's not,
2 we need to investigate why; what are the market
3 barriers that they're encountering; and is there
4 anything that Ameren Illinois could do; is there
5 anything the Commission could do; is there
6 anything the general assembly could do to remove
7 those barriers?

8 Q. So in your opinion, it is possible that
9 by 2016, the RES community may not offer time
10 variant rates to Ameren Illinois' customers?

11 A. It's possible, sure.

12 Q. And in your opinion, if the RES
13 community does offer dynamic pricing rates to
14 Ameren Illinois' customers, you expect to see
15 those offers by 2016, right?

16 A. Perhaps as early as 2016. 2016 would be
17 the first -- roughly, the first year after the
18 first AMI meters have full functionality. So
19 that's why I would expect by that time frame, if
20 we're going to begin to see those types of
21 product offerings, we might see them started by
22 2016.

1 Q. I will refer you now to lines 205
2 through 210. Here you provide your opinion of
3 why the Commission should not order the same
4 action it ordered in ComEd's underlying AMI
5 proceeding regarding the development of a
6 time-of-use rate program, correct?

7 A. Yes.

8 Q. And you state that Ameren Illinois does
9 not object to the spirit of the Commission's
10 directive in that proceeding, correct?

11 A. Correct.

12 Q. In your opinion what is the spirit of
13 the Commission's directive in that proceeding?

14 A. The spirit of the directive is outlined
15 in the quote above that question where the
16 Commission is interested and fully explains how
17 a TOU rate intersects with existing competitive
18 marketplace, including complying with or
19 modifications to IDC rules, how the program will
20 be adequately promoted, and how the IPA will
21 procure power. Those are all important
22 questions to answer.

1 Q. And you recommend that there should be a
2 discussion regarding the time-of-use rate for
3 Ameren Illinois' customers facilitated by the
4 Commission's office of Retail Market
5 Development, correct?

6 A. Yes.

7 Q. And again, I'll ask you the same
8 questions I had for your workshop
9 recommendation. How long do you think this
10 discussion would last?

11 A. The Office of Retail Market Development
12 would be facilitating those workshops, so the
13 answer would be the same. They're one in the
14 same.

15 Q. And -- okay.

16 So this discussion that is facilitated
17 by the Office of Retail Market Development, is
18 this the same as your first workshop
19 recommendation?

20 A. Yes.

21 MR. GHOSHAL: CUB has no further
22 questions at this time.

1 JUDGE VON QUALEN: Thank you.

2 MR. GIORDANO: Thank you, Your Honor.

3 CROSS-EXAMINATION

4 BY MR. GIORDANO:

5 Q. Hello, Mr. Jones. I'm Patrick Giordano,
6 and I represent Comverge in this proceeding.

7 A. Good morning.

8 Q. I would like to refer you to page 3,
9 line 60 to 61 of your rebuttal testimony. And
10 you testify there, don't you, that the first
11 reason Ameren is not planning to offer a CPP --
12 that's a critical peak pricing program -- is
13 that metering at most customers' premises is
14 insufficient to effectively enable such a
15 program, but that the introduction of AMI will
16 remedy the shortcoming, correct?

17 A. Yes.

18 Q. So if the critical peak pricing tariff
19 was drafted so it was available, the pricing,
20 available only to customers after their AMI
21 meter was installed, this reason for not
22 proposing the AMI -- the CPP tariff would be

1 eliminated, correct?

2 A. Without consideration of the second
3 reason, yes, I would agree.

4 Q. And your second reason not to offer this
5 tariff is that it is uncertain, based on advice
6 of counsel, whether Ameren can legally offer
7 this program because of the IAC rules, correct?

8 A. Correct.

9 Q. And isn't it true that the restriction
10 in 83 Illinois Administrative Code part 452 is
11 not on offering a retail supply tariff, but on
12 promoting marketing and advertising the supply
13 service?

14 A. I don't have the admin code in front of
15 me. I know there's a prohibition against
16 marketing.

17 Q. And isn't it also true that the
18 Commission has authority to grant a waiver so
19 that Ameren can promote such a tariff as they
20 did for ComEd's residential realtime pricing
21 tariff in ICC Docket Number 110546?

22 A. Yes, the Commission has the authority to

1 grant a waiver. And to me, that would be
2 something that would be considered in the
3 workshop -- the second workshop conducted in
4 2016.

5 Q. You know, don't you, that Converge is
6 not proposing that the CPP tariff filing occur
7 prior to the approval of the AMI plan, correct?

8 A. I don't know -- well, I suppose that's
9 how the timing would have to work out, yes.

10 Q. And that if Mr. Lacey's recommendations
11 are accepted those -- those tariff filings would
12 occur after approval of the AMI plan, correct?

13 A. Yes.

14 Q. And you testify on page 4, line 68 --
15 this is your rebuttal testimony, Ameren
16 Exhibit 11.0 RH -- that direct load control is
17 often complimentary to a time-differentiated
18 power supply pricing product, correct?

19 A. Yes.

20 Q. So when you say it's complimentary, what
21 you mean is that it can increase the benefits of
22 the time-differentiated power supply pricing

1 product, correct?

2 A. Yes.

3 Q. And you also testify that it's not
4 necessary for a DLC program, which also can
5 stand alone, and you testified to that on page
6 3, lines 53 to 55, correct? 55 to 56, I'm
7 sorry.

8 A DLC could be a separate stand-alone
9 program that provides mutual benefit to a
10 supplier and customer. An example of a
11 stand-alone program is an air conditioning load
12 control program?

13 A. Right. I see that. It's through line
14 57 as well.

15 Q. But yet you testify on page 5, lines 89
16 to 90, that in the company's opinion, it's
17 premature for AIC to develop, offer and market a
18 CPP or DLC program because it's too early in the
19 process of implementing AMI, correct?

20 A. Yes. And I think -- I continue on in
21 the answer, the full functionality of the plan
22 will not be achieved for years.

1 Q. Are you aware that many utilities
2 throughout the country have made critical peak
3 pricing and direct load control programs central
4 parts of their AMI implementation from the
5 outset?

6 MR. FITZHENRY: I'm going to object to
7 facts not in evidence.

8 MR. GIORDANO: I'm just asking if he's
9 aware of it. I mean, if he's not aware of it,
10 he's not -- he can say he's not aware of it. If
11 he agrees that that's a fact, he can say.

12 MR. FITZHENRY: Right. But I object to
13 the question because it presupposes that there
14 is evidence in this record that there are other
15 utilities in the country that offer these
16 programs without the benefit of AMI. And I'm
17 not so sure that that's in the record or will
18 be.

19 MR. GIORDANO: He can answer whether
20 he's aware of that or not. It seems like an
21 appropriate question.

22 JUDGE VON QUALEN: Mr. Jones, if you

1 know the answer to the question, you may answer
2 it.

3 THE WITNESS: I'm trying to think of an
4 example, and I can't come up with one, so I
5 don't know.

6 Q. (By Mr. Giordano) You testified that
7 the Illinois Competitive Electricity Association
8 has intervened in this docket, and their initial
9 absence from this discussion and docket is
10 another reason the Commission should delay
11 making this decision, correct?

12 A. Yes.

13 Q. And they could have intervened earlier,
14 correct? They didn't intervene until
15 September 7th, correct?

16 A. That's correct.

17 Q. Right.

18 And they could also be active today in
19 this proceeding, correct?

20 A. Yes.

21 Q. Right.

22 And so -- and who are the members? Do

1 you know who the members of that organization
2 are?

3 A. I looked them up last night. It's a
4 list of about ten RES's: First Energy, Direct
5 Energy, many of the major players in the Ameren
6 Illinois residential and commercial retail
7 market.

8 Q. And they include -- they include
9 companies such as Excellon that own generating
10 capacity, correct?

11 A. Yes, Excellon was on the list.

12 Q. And isn't it true that those companies
13 have an interest in seeing a higher price in
14 capacity markets as opposed to a lower price?

15 A. I'm struggling with the answer. I think
16 their interest is in higher margin. However
17 they get the higher margin is what that
18 competitive firm would be after. Higher prices
19 could be one of the ways to get higher margin.
20 Additional throughput could be a different way.

21 Q. But to the extent that demand response
22 might lower the cost of generating capacity, the

1 cost of capacity in those markets, those
2 companies might not be interested in that
3 happening, correct?

4 A. I don't know what they would be
5 interested in or not. Again, additional
6 throughput could be garnered from those entities
7 by offering a critical pricing product. Maybe
8 they're more attractive to the customer base and
9 they pick up additional customers that way.

10 And I don't know what the plans are of
11 those generating companies, whether they're
12 already fully loaded on their fleet, they have
13 no interest in additional fleet. I just don't
14 know.

15 But I think the idea is to get, for
16 them, is to achieve higher margins. And
17 offering new products is one way of achieving
18 higher margins.

19 Q. Right.

20 But to the extent Ameren offered demand
21 response products that lowered -- that lowered
22 prices in capacity markets, that could have an

1 adverse effect on those margins for those
2 generating companies, correct, that are members
3 of the Illinois Competitive Energy Association;
4 is that correct?

5 A. Yeah, I don't know. It's possible. I
6 don't know for sure.

7 Q. Now, you state that the task of the
8 Commission is to judge whether implementation of
9 AMI is cost beneficial, correct?

10 A. I'm sorry. Can you read that again?

11 Q. It's your position that the task of the
12 Commission in this docket is to judge whether
13 implementation of AMI is cost beneficial?

14 A. Yes, that's correct.

15 Q. Now, are you aware that Ameren's own
16 witness in this case, Dr. Faruqui, include the
17 benefits of direct load control programs in his
18 cost benefit analysis of AMI's -- Ameren's AMI
19 implementation?

20 A. Yes, I believe he's included a small
21 piece of direct load control benefits starting
22 in 2016.

1 Q. So you consider over 10 million dollars
2 small?

3 A. I'm not familiar what the numbers say
4 that he came up with.

5 Q. I understand.

6 But you take the position that it would
7 be too costly for Ameren to do a cost benefit
8 analysis of direct load control for purpose of
9 its PTR tariff, correct?

10 A. Yes, to do so today --

11 Q. And what -- have you --

12 MR. FITZHENRY: Had the witness finished
13 his answer?

14 MR. GIORDANO: I'm sorry.

15 THE WITNESS: No.

16 To do so today would be inappropriate
17 because so many factors could very well change.
18 And offering a direct load control study today
19 would really not prove to be too useful by the
20 time we get to 2016, which would be the first
21 year where the devices really be used with the
22 AMI device, with the AMI systems.

1 Q. (By Mr. Giordano) Are you saying that
2 the -- that Ameren customers won't have AMI
3 meters until 2016?

4 A. The full functionality of the AMI system
5 will not be available to customers, it's my
6 understanding, until the fourth quarter of 2015,
7 which would place the first summer, which most
8 of the direct load control benefit would be
9 achieved is during the summer. The summer of
10 2016 would be the first summer where that
11 functionality would be effective.

12 Q. And what do you mean by "full
13 functionality"? Can you just go through and
14 explain what that means when the customer gets
15 the meter? Won't these -- I'm sorry. That's a
16 compound question. I'm sorry. If you could
17 answer that, please.

18 A. By "full functionality," I have very
19 limited understanding. Mr. Abba may be able to
20 provide additional light on this.

21 What it will allow is customers to
22 actually view their hourly load interval, load

1 data. And the systems will be able to talk to
2 the customer's systems and home devices and so
3 forth. So what I mean by "full functionality"
4 is that the system is fully up and running by
5 the fourth quarter of 2015.

6 Q. But you're aware, aren't you, that if
7 Ameren gets its AMI plan approved, that it's
8 statutorily required to make a peak time rebate
9 tariff filing within 60 days of that approval,
10 correct?

11 A. Yes.

12 Q. And so that would be the appropriate
13 place, correct, for the Commission to determine
14 whether or not to include direct load control as
15 part of the peak time rebate program, correct?

16 A. Unless the Commission keeps the petition
17 for the peak time rebate program opened until,
18 say, 2015, I think it would be too soon.

19 I would assume the Commission would like
20 to approve the peak time rebate program sooner
21 rather than later. And then through the
22 workshop process that I described earlier, in

1 2016 reevaluate at that point whether or not
2 there are barriers for customers achieving full
3 benefit.

4 And that would be an opportunity to
5 evaluate whether direct load control is being
6 offered to customers; who is it being offered
7 by; and if there are barriers, what those
8 barriers are and whether or not we can address
9 those barriers and remove them.

10 Q. You're talking as if you think that
11 there are technological barriers to putting in
12 direct load control as part of the peak time
13 rebate tariff. Is that your position that there
14 are technological barriers to doing that?

15 A. No, I'm not thinking of technological
16 barriers at all. I'm thinking more of economic
17 barriers, IDC rule barriers, more financial.

18 Q. And those economic -- isn't the best way
19 to determine if there are any economic barriers
20 through a cost benefit analysis?

21 A. Yes, that's one way of identifying what
22 those barriers may be.

1 MR. GIORDANO: I have no further
2 questions. Thank you.

3 MR. O'BRIEN: If I could just have a
4 brief moment, Your Honor.

5 The People have no questions for
6 Mr. Jones.

7 JUDGE VON QUALEN: Is there any other
8 cross-examination for Mr. Jones? Are there any
9 objections to Ameren Exhibit --

10 MR. FITZHENRY: Your Honor, I would like
11 to follow up with Mr. Jones upon redirect,
12 please?

13 JUDGE VON QUALEN: Certainly.

14 MR. FITZHENRY: Thank you.

15 REDIRECT EXAMINATION

16 BY. MR. FITZHENRY:

17 Q. Mr. Jones, just a handful of questions.
18 Are you familiar with the company's basic
19 generation service rates?

20 A. Yes.

21 Q. What are they?

22 A. Basic generation service rates are the

1 rates that the Company offers -- as the name
2 implies, they're basic -- through the minimum
3 offering that we're required to offer by the
4 statute.

5 Q. Are they -- is the services or products
6 being provided under the BGS rates a former
7 retail electric supply?

8 A. Yes.

9 Q. Do you know whether or not the Company
10 markets its BGS rates?

11 A. No, they don't actively market. I think
12 there's a requirement to include a flier within
13 a bill maybe once or twice a year to explain
14 what the BGS offer rate is in addition to what
15 other options customers have.

16 Q. Thank you.

17 Now I would like to explore some of your
18 answers that you gave to Mr. Giordano regarding
19 the peak time rebate tariff.

20 You indicated, I believe, that -- well,
21 let me ask you this way: Are you familiar with
22 the plans that the Company has to roll out the

1 PTR tariff?

2 A. Yes, generally.

3 Q. And do you know whether or not the
4 Company anticipates the need for any kind of
5 enabling technology by which to offer the PTR
6 tariff?

7 A. Sorry. Could I have that one more time?

8 Q. Company plans to role out a PTR tariff
9 within 60 days after the approval of its AMI
10 plans; is that your understanding?

11 A. Yes.

12 Q. And is it necessary in order for the PTR
13 tariff to go into effect that there be
14 additional enabling technology by which the
15 customers would take advantage of that tariff
16 offering?

17 A. No, it's not necessary.

18 Q. And why is that?

19 A. Customers can respond by manual
20 intervention. Similar to the company's Power
21 Smart Pricing program, which is an hourly
22 program, customers are notified the day ahead of

1 a particular event, and they choose whether to
2 react to that curtailment event.

3 I would expect a very similar process to
4 occur for the peak time rebate program where we
5 would call the event on a day-ahead basis, and
6 customers would be able to choose on their own
7 whether to adjust their usage or not.

8 Q. And you just describe your understanding
9 of what is planned. Is that what the Company
10 does plan to do?

11 A. Yes.

12 Q. Thank you.

13 Now, Mr. Giordano made mention of -- let
14 me find my notes here -- your understanding as
15 to the Comverge proposal that is -- do you
16 recall his questioning and your answer that upon
17 approval of the AMI plan, that the Comverge
18 proposal would be, the Company, Ameren Illinois
19 would then file a critical peak pricing tariff?

20 A. Yes.

21 Q. Now, in your opinion, Mr. Jones, what
22 would have to happen in order for the Company to

1 implement a critical peak pricing tariff after
2 the AMI plan is approved for that tariff to be
3 in effect?

4 A. Prior to filing, the Company will have
5 to meet with the -- at least meet with the Smart
6 Grid Advisory Counsel at least once, probably
7 several times. We'll be reaching out to the
8 stakeholders to discuss the implementation and
9 the mechanics of that program.

10 Q. Well, let me ask it this way: In your
11 opinion, would there be need to implement the
12 AMI technology before the Company should offer
13 the critical peak pricing tariff?

14 A. Yes, the -- our critical peak pricing
15 or --

16 Q. The CPP tariff.

17 A. CPP. I'm sorry. I was thinking of peak
18 time rebate.

19 A CPP tariff requires AMI technology in
20 order to implement that program. It would be
21 enhanced by it.

22 Q. Can there be a CPP tariff if the

1 customers have use of interval meters?

2 A. Yes, there can be.

3 Q. What is an interval meter?

4 A. An interval meter records energy usage
5 at least hourly.

6 Q. And do Ameren Illinois' customers,
7 residential customers currently have interval
8 meters?

9 A. Only those with -- participating on the
10 realtime pricing program, which numbers about
11 12,000 out of a million.

12 Q. So do I understand you to say that some
13 additional technology would have to be
14 installed, as far as you're concerned, in order
15 for the Company to roll out a critical peak
16 pricing tariff?

17 A. Yes.

18 Q. Do you have an opinion as to whether the
19 Company should first install an interval meter
20 to be followed up with its AMI technology as a
21 means by which to implement the CPP tariff?

22 A. No. The -- I would go directly to the

1 AMI device. The AMI meter will have the
2 interval meter capability.

3 Q. So hypothetically, if the Company were
4 to install the interval metering, what would
5 happen to that interval metering once the AMI
6 technology's rolled out?

7 A. That meter would be changed out and
8 replaced with an AMI meter.

9 MR. FITZHENRY: Thank you. That's all
10 the questions I have.

11 JUDGE VON QUALEN: Is there any
12 additional cross?

13 MR. GHOSHAL: Yes, Your Honor. CUB has
14 two questions.

15 CROSS-EXAMINATION

16 BY GHOSHAL:

17 Q. Mr. Jones, do you recall Ameren Illinois
18 counsel asking you questions about BGS rates?

19 A. Yes.

20 Q. Were those BGS rates required by statute
21 in 2010?

22 MR. FITZHENRY: Can I object as to

1 relevance? Well, I'm going to object as to
2 relevance.

3 MR. GHOSHAL: Your Honor, Ameren counsel
4 indicated -- or asked questions about BGS rates,
5 and the witness answered that they were required
6 by statute. I want to know what statute he is
7 referring to. I think that's --

8 MR. FITZHENRY: Calls for a legal
9 question, so. He's not an attorney.

10 MR. GHOSHAL: He can respond to the
11 knowledge that he does have.

12 MR. FITZHENRY: Well, I object to the
13 2010 reference as having any relevance. Again,
14 I didn't say anything about that in my
15 questioning of Mr. Jones, nor did he give a 2010
16 reference. So once more, we're back to sort of
17 presupposing it means something in the record
18 where it doesn't.

19 JUDGE VON QUALEN: Objection is
20 overruled.

21 Mr. Jones, you may answer.

22 THE WITNESS: I'm not aware of any law

1 in 2010 that affected BGS rates. BGS rates were
2 established in the post 2006 effort and first
3 became effective on January 2, 2007.

4 MR. GHOSHAL: Thank you.

5 Q. (By Mr. Ghoshal) Do you remember the
6 Ameren Illinois counsel asking you questions
7 about Power Smart Pricing or PSP?

8 A. Yes.

9 Q. Has Ameren Illinois Company marketed its
10 Power Smart Pricing rate to its customers?

11 A. Ameren Illinois uses a third-party
12 supplier, CNT Energy, and they do all of the
13 marketing on behalf of the program.

14 Q. And the PSP rate is administered or
15 offered by Ameren Illinois Company, correct?

16 A. It's administered by CNT Energy as well.
17 But it is sponsored by Ameren Illinois.

18 MR. GHOSHAL: Thank you. No further
19 cross.

20 MR. FITZHENRY: Just one follow-up.

21 REDIRECT EXAMINATION

22 BY MR. FITZHENRY:

1 Q. Are you aware of why --

2 JUDGE VON QUALEN: Mr. Fitzhenry.

3 MR. FITZHENRY: I'm sorry.

4 MR. GIORDANO: I have some.

5 MR. FITZHENRY: I'm sorry.

6 CROSS-EXAMINATION

7 BY MR. GIORDANO:

8 Q. On that point, on the Power Smart
9 Pricing program, Ameren is effectively hiring
10 Center for Neighborhood Technology to promote
11 the program. And under -- is that -- do they
12 get -- is there a waiver been granted by the
13 Commission to allow that promotion of that
14 program?

15 A. No, Ameren Illinois does not have a
16 waiver for that.

17 Q. So Ameren has made a determination
18 that --

19 MR. SAGONE: I'm sorry. We can't hear
20 you in Chicago.

21 MR. GIORDANO: Can you hear me now?

22 MR. SAGONE: Yes.

1 MR. GIORDANO: Sorry.

2 Q. (By Mr. Giordano) Ameren Illinois has
3 made a determination that it can market that
4 realtime pricing program without -- under --
5 under the IAC rules?

6 A. Yes. And again, it's not necessarily
7 Ameren Illinois marketing. It's the third-party
8 provider doing the marketing.

9 Q. So if a third-party provider was hired
10 by Ameren to promote any of those programs that
11 are included in Dr. Faruqui's cost benefit
12 analysis of the AMI plan, such as critical peak
13 pricing, peak time rebate, then that would not,
14 in Ameren's opinion, violate the IAC rules,
15 correct?

16 A. I don't know. The Power Smart Pricing
17 is addressed in 16107 of the act, which gives us
18 some special authority to do some marketing and
19 to hire an administrator. So I think there are
20 some differences. And I would have to discuss
21 with legal counsel any other kinds of programs,
22 whether or not they would violate the IAC rules.

1 Q. Thank you. Just a few more on -- based
2 on Mr. Fitzhenry's redirect.

3 You testified that Ameren's current plan
4 is to file a PTR tariff without including a
5 direct load control option. Has Ameren done a
6 cost benefit analysis of the direct load control
7 option in making that determination that that's
8 the way you're planning to file the PTR tariff?

9 A. Not that I'm aware of.

10 MR. GIORDANO: Nothing further. Thanks.

11 MR. FITZHENRY: Nothing further.

12 JUDGE VON QUALEN: Very well. Are there
13 any objections to Ameren Exhibit 11.0 RH, the
14 rebuttal testimony on rehearing of Leonard
15 Jones? Hearing no objections, Ameren
16 Exhibit 11.0 RH is admitted into evidence.

17 Thank you, Mr. Jones.

18 (Whereupon Ameren Exhibit 11.0 RH
19 was admitted into evidence at
20 this time.)

21 MR. JONES: Thank you.

22 JUDGE YODER: Is it Faruqui? Is that

1 close?

2 DR. FARUQUI: Yes.

3 JUDGE YODER: Were you previously sworn?

4 DR. FARUQUI: Yes.

5 JUDGE YODER: Go ahead.

6 DIRECT EXAMINATION

7 BY MR. KENNEDY:

8 Q. Good morning, Dr. Faruqui. Can you
9 please state and spell your full name for the
10 record?

11 A. A-H-M-A-D, Ahmad; Faruqui,
12 F-A-R-U-Q-U-I.

13 Q. And would you please give your business
14 address for the record as well.

15 A. The business address is 201 Mission
16 Street, Suite 2800, San Francisco, California,
17 94105.

18 Q. And by whom are you employed?

19 A. The Brattle Group Consulting Firm.

20 Q. Do you have in front of you what's been
21 previously identified and marked as Ameren
22 Exhibit 5.0 RH, The Direct Testimony on

1 Rehearing of Dr. Ahmad Faruqui?

2 A. Yes.

3 Q. And with that, do you have also what's
4 been marked Ameren Exhibits 5.1 through 5.7 RH,
5 which were the exhibits to your direct
6 testimony?

7 A. Yes.

8 Q. Do you also have in front of you what's
9 been previously marked for identification as
10 Ameren Exhibit 10.0 RH, The Rebuttal Testimony
11 on Rehearing of Dr. Ahmad Faruqui?

12 A. Yes.

13 Q. And with that do you have Exhibits --
14 what's been marked as Ameren Exhibits 10.1
15 through 10.9 RH, which were the exhibits to your
16 rebuttal testimony?

17 A. Yes, I do.

18 Q. Was that testimony, your direct and
19 rebuttal, prepared by you or prepared under your
20 direction?

21 A. Yes.

22 Q. And are the answers that are given in

1 that testimony true and accurate to the best of
2 your knowledge?

3 A. Yes, they are.

4 Q. And if I were to ask you the same
5 questions today that were asked in that
6 testimony, would you give the same answers?

7 A. Yes, I would.

8 Q. Do you have any corrections to your
9 testimony that have not been previously made?

10 A. No, I don't.

11 MR. KENNEDY: I would like to tender the
12 doctor for cross-examination.

13 JUDGE YODER: It appears the AG, CUB,
14 ELPC and Converge all have reserved cross.
15 Anyone wish to go first?

16 MR. O'BRIEN: The People will go first,
17 Your Honor.

18 JUDGE YODER: Thank you, Mr. O'Brien.

19 CROSS-EXAMINATION

20 BY MR. O'BRIEN:

21 Q. Good morning, Dr. Faruqui.

22 A. Good morning.

1 Q. My name is Tim O'Brien and I represent
2 the People of the State of Illinois. And I just
3 have some questions for you this morning.

4 I would like to start by directing you
5 to your direct testimony, which is marked as
6 Ameren Exhibit 5.0 RH. Specifically, we'll
7 start at line 168.

8 A. 160?

9 Q. One six eight.

10 A. Yes, I'm at line one six eight.

11 Q. Okay. At lines 168 through 170, you
12 state: To determine the anticipated reductions
13 in peak load and energy usage, we made
14 assumptions about the rate of customer
15 participation, the impact of each program on the
16 participating customer's peak demand and energy
17 consumption, and the cost of these programs. Do
18 you see that?

19 A. Yes, I do.

20 Q. Based on this, you made three categories
21 of assumptions regarding programs that would be
22 enabled by AMI: The rate of customer

1 participation, the impact on participating
2 customers' peak demand and energy usage, and
3 cost of programs, correct?

4 A. Yes.

5 Q. Now, I would just like to direct you to
6 line 231, again of your direct testimony.

7 A. Okay. Line 231.

8 Q. And here you're stating that from line
9 231 to 232, you note that you observe this in
10 more than a hundred pilot programs.

11 A. Yes.

12 Q. So empirical data from numerous pilot
13 programs testing dynamic pricing provided
14 foundation for your assumptions regarding the
15 impact on participating customers' peak demand
16 and energy and cost of programs, correct?

17 A. It provided data on the likely load
18 impact of those programs, the reduction in load.

19 (Whereupon AG Cross Exhibit 1 was marked
20 for identification.)

21 Q. Thank you. I'm about to hand you what I
22 will mark as AG Cross Exhibit 1.

1 MR. O'BRIEN: May I approach, Your
2 Honor?

3 JUDGE YODER: Yes.

4 Q. (By Mr. O'Brien) What I've just handed
5 you is a response to AG data request 3.17. Are
6 you familiar with this response?

7 A. Yes.

8 Q. And was this prepared under your
9 direction or control?

10 A. Yes.

11 MR. KENNEDY: I just want to put in for
12 the record that only subparts A, B, C and H were
13 prepared by Dr. Faruqui of this data request.

14 MR. O'BRIEN: Duly noted.

15 The People would like to move into
16 evidence AG Cross Exhibit 1 as it relates to
17 subparts A, B, C and H that have been prepared
18 by Dr. Faruqui.

19 JUDGE YODER: Any objection?

20 MR. KENNEDY: No objection subject to we
21 may be asking some questions on redirect about
22 the topics that are discussed on the data

1 response.

2 MR. O'BRIEN: The people are fine with
3 that.

4 Q. (By Mr. O'Brien) Dr. Faruqui, I would
5 now like to direct you to lines 207 through 211,
6 two one one of your direct testimony.

7 A. Beginning on 207?

8 Q. That's correct, where it says: We
9 assume.

10 A. Okay.

11 Q. Now, if I add up the 1.3 percent, the
12 .7 percent, the .7 percent, and the .3 percent
13 derived from the assumptions on CPP, CPP with
14 IHD, CPP with IHD and PCT, and CPP with HEMS and
15 PCT, based on your testimony, I would reach a 3
16 percent participation rate in critical peak
17 pricing, correct?

18 A. Yes.

19 Q. And then at line 211, two one one, you
20 state that by 2032, you assume 23.3 percent of
21 residential customers will be participating in
22 the PTR, correct?

1 A. Yes.

2 Q. Now, comparing the 3 percent
3 participation in critical peak pricing that
4 we've just discussed, you are assuming a PTR
5 participation rate in between seven and eight
6 times higher than the CPP participation rate,
7 correct?

8 A. That's right.

9 Q. Dr. Faruqui, in January 2011, you filed
10 rebuttal testimony in a PECO Energy -- PECO
11 Energy Company case stating -- first, are you
12 familiar with that testimony?

13 A. Yes.

14 MR. KENNEDY: Before you read that
15 testimony, I'm going to object to that as
16 hearsay, his prior testimony.

17 MR. O'BRIEN: Well, I haven't gotten to
18 the question yet.

19 MR. KENNEDY: Okay. But I thought you
20 were going to read it into the record.

21 MR. O'BRIEN: Oh, no. It's a long
22 document. I have no intention of reading it

1 into the record.

2 Q. (By Mr. O'Brien) So, Dr. Faruqui, you
3 are familiar with the testimony that you filed
4 in that case?

5 A. Yes.

6 Q. Do you remember some of the positions
7 you took in that testimony?

8 A. I remember those generally speaking.

9 Q. Okay. Do you remember the position you
10 took regarding participation rates in PTR versus
11 CPP?

12 A. I would have to look at that to answer
13 any specific question.

14 Q. If I provided you with a copy of the
15 testimony you filed in that case, would that
16 refresh your memory?

17 A. Sure.

18 Q. Dr. Faruqui, have you had an opportunity
19 to review the document?

20 A. I have reviewed the rebuttal testimony
21 in front of me.

22 Q. Okay. Do you recall filing testimony in

1 that case stating that there was no empirical
2 evidence suggesting that PTR will elicit higher
3 rates of customer participation than CPP when
4 offered as a voluntary or opt-in rate?

5 MR. KENNEDY: I'm going to renew my
6 objection. It's hearsay. Dr. Faruqui is not an
7 Ameren employee. He's not a --

8 MR. SAGONE: We can't hear you in
9 Chicago.

10 MR. KENNEDY: If this is for purposes of
11 impeachment, that may be appropriate, but it's
12 not admissible evidence.

13 MR. O'BRIEN: It was a publicly-filed
14 document.

15 MR. KENNEDY: Not every publicly-filed
16 document becomes admissible in evidence.

17 JUDGE YODER: Are you offering this to
18 impeach Dr. Faruqui's testimony in this docket
19 or for a different purpose?

20 MR. O'BRIEN: We simply want to
21 establish what Dr. Faruqui's position is in this
22 document.

1 JUDGE YODER: In the PECO docket in
2 Pennsylvania?

3 MR. O'BRIEN: Correct.

4 JUDGE YODER: For what? What's the
5 purpose of that?

6 MR. O'BRIEN: Ultimately we do seek to
7 see if Dr. Faruqui's position has changed since
8 the filing of this testimony and upon what
9 basis.

10 JUDGE YODER: Anything further?

11 MR. KENNEDY: I mean, if it was an
12 Ameren utility, and he was an Ameren employee,
13 and we are talking about transpositions between
14 rate cases, I understand that. But we're
15 talking about different utilities, different
16 jurisdictions in an out-of-court statement that
17 was made by Dr. Faruqui when he was employed by
18 another utility to speak on their behalf.

19 JUDGE YODER: Well, I will allow limited
20 cross on this. You can rehabilitate or raise
21 any issues about that on redirect. But I'll
22 allow limited inquiry on this, if that's your

1 purpose.

2 MR. O'BRIEN: Thank you.

3 JUDGE YODER: So the objection would be
4 overruled at this time.

5 MR. KENNEDY: Thank you.

6 JUDGE YODER: I think there was a
7 question. Do you need it repeated, or do you
8 need the court reporter to read it back?

9 Q. (By Mr. O'Brien) Dr. Faruqui, do you
10 need the question read back?

11 A. I can answer the question.

12 PTR is a no-lose proposition when it
13 comes to customers, especially if it had been
14 offered the way we have analyzed it in the
15 Ameren analysis. We are proposing that that
16 rate be offered to all customers. It's a
17 no-lose proposition.

18 And we think it's quite reasonable to
19 assume that one out of four customers would go
20 with that, and three out of four will decide not
21 to.

22 As far as CPP is concerned, that is a

1 rate which has been proposed as an opt-in rate.
2 It is a rate which obviously would raise the
3 price during the critical-peak hours by also
4 lowering in the off-peak hours.

5 So the main difference is one is a
6 no-lose proposition; and number two, the PTR is
7 being offered as an opt-out rate. That's the
8 way we will market it. That's the difference
9 between the PECO analysis and this one.

10 Q. Thank you.

11 Dr. Faruqui, I would now like to direct
12 you to your rebuttal testimony marked as Ameren
13 Exhibit 10 RH, specifically page 7, line 143.

14 A. Did you say 943?

15 Q. 143.

16 A. Okay.

17 Q. Just before line 143, you note that --
18 you state that: In full-scale programs, such as
19 the ones we have modeled, the participation
20 rates will not stay constant over time. They
21 will rise steadily as word of mouth spreads
22 among the customers and as utilities and third

1 parties develop better marketing designs.

2 A. Sorry, I can't hear you. I can't hear
3 you.

4 Q. All right.

5 At line 142 you state that: In
6 full-scale programs, such as the ones we have
7 modeled, the participation rates will not stay
8 constant over time. They will rise steadily as
9 word of mouth spreads among customers and as
10 utilities and third parties develop better
11 marketing designs.

12 Do you see that?

13 A. Yeah. Yeah, I do.

14 Q. And it is your assumption that
15 participation rates in these full-scale programs
16 will rise steadily, correct?

17 A. That's correct.

18 Q. Do you agree that Ameren's Power Smart
19 Pricing program is a full-scale opt-in pricing
20 program available to all residential customers?

21 A. I believe it is.

22 Q. And do you also agree that Ameren has

1 been offering Power Smart Pricing system-wide
2 since 2007?

3 MR. KENNEDY: To the extent -- are you
4 asking what his specific knowledge is?

5 MR. O'BRIEN: If the witness knows, he
6 may answer.

7 THE WITNESS: I don't know the
8 specifics. But I know it has been offered for a
9 few years.

10 (Whereupon AG Cross Exhibit 2 was marked
11 for identification.)

12 Q. (By Mr. O'Brien) Dr. Faruqui, I would
13 like to show you what I am now marking as AG
14 Cross Exhibit 2.

15 MR. O'BRIEN: May I approach?

16 JUDGE YODER: Yes.

17 Q. (By Mr. O'Brien) Dr. Faruqui, what I've
18 just handed you is a copy of Ameren's response
19 to AG data request 6.14. And I will note for
20 the record that 6.14 (a) was not prepared by
21 you, so I'm not going to ask you any questions
22 about that, nor will we seek to admit any part

1 of 6.14 (a).

2 So I would like to direct you to 6.14
3 (b). Are you familiar with that response?

4 A. Yes.

5 Q. And was it prepared under your direction
6 or control?

7 A. Yes.

8 MR. O'BRIEN: I would like to move AG
9 Cross Exhibit 2 into evidence.

10 THE WITNESS: Do you want me to comment
11 on this? Was there a question?

12 MR. KENNEDY: He likely does not want
13 you to do that.

14 MR. O'BRIEN: No. Thank you,
15 Dr. Faruqui.

16 JUDGE YODER: Any objection?

17 MR. KENNEDY: No objection to part (b)
18 of AG 6.14 coming into the record, to the extent
19 I'll have a chance for my witness to comment on
20 it at some point.

21 JUDGE YODER: All right then. Without
22 objection, part (b) of AG Cross Exhibit 2, the

1 answer (sic) and response will be admitted into
2 evidence at this time -- question and response,
3 I should say. I should have said question and
4 response, not answer and response. It would be
5 duplicative.

6 (Whereupon part (b) AG Cross Exhibit 2
7 was admitted into evidence at
8 this time.)

9 Q. (By Mr. O'Brien) Okay, Dr. Faruqui, I'm
10 now going to direct you to pages 10 and 11 of
11 your rebuttal testimony, generally.

12 A. Okay.

13 Q. On these pages you are discussing your
14 assumptions related to a \$9,500 premium related
15 to PHEV, which --

16 A. Yes.

17 Q. And you are familiar with the testimony
18 that's generally on these pages?

19 A. Yes.

20 (Whereupon AG Cross Exhibit 3 was marked
21 for identification.)

22 Q. I would now like to show you what I am

1 marking as AG Cross Exhibit 3. Dr. Faruqui,
2 what I've just handed you is a response to AG
3 data request 4.02. Are you familiar with this
4 response?

5 A. Yes.

6 Q. And was this prepared under your
7 direction or control?

8 A. Yes.

9 MR. O'BRIEN: The People would like to
10 move into evidence AG Cross Exhibit 3.

11 MR. KENNEDY: I just have one
12 clarification. Mr. O'Brien, parts (a) and (b)
13 are hyperlink documents. Are you just moving in
14 the response?

15 MR. O'BRIEN: Just simply the response.

16 MR. KENNEDY: So not the hyperlink
17 documents?

18 MR. O'BRIEN: Correct, the reference to
19 the hyperlink document but not the document.

20 MR. KENNEDY: Okay. Thank you.

21 JUDGE YODER: With that clarification,
22 any objection?

1 MR. KENNEDY: No objection.

2 JUDGE YODER: Then with that objection,
3 AG Cross Exhibit 3 will be admitted into
4 evidence in this docket.

5 (Whereupon AG Cross Exhibit 3
6 was admitted into evidence at
7 this time.)

8 MR. O'BRIEN: Just one moment, Your
9 Honors. Sorry for the delay.

10 Q. (By Mr. O'Brien) Dr. Faruqui, I'm just
11 going to momentarily take you back to your
12 direct testimony at lines 233 to 235.

13 A. Did you say I go back to the direct
14 testimony, line 233?

15 Q. 233 to 235.

16 A. Okay. Page 11?

17 Q. Page 11, correct.

18 And here you're stating -- here you
19 state: In this case, we assume that Ameren
20 Illinois customers will be offered a CPP rate
21 with an 8 to 1 price ratio, parenthetical,
22 consistent with the assumption in the report

1 published by the first staff in 2009. And you
2 continue.

3 A. Yes.

4 Q. Is there a direct mathematical
5 relationship between the PTR rate you assumed
6 and the provided capacity cost Ameren provided
7 to you per your response in AG 3.18?

8 A. We have developed an illustrative rate
9 to show what the impact would be. As you know,
10 the capacity costs that Ameren is using do
11 increase over time, so we had to come up with a
12 number that's approximately going to be
13 consistent over the timeline.

14 So I believe they're generally
15 consistent. But in any particular year, you
16 might find the numbers are different.

17 MR. KENNEDY: Mr. O'Brien, can I ask
18 this? Is AG 3.18 in the record at all? I
19 believe that's what he just referred to.

20 MR. O'BRIEN: My apologies. 3.18 is not
21 in the record. So to the extent that the
22 witness knew, he was able to answer.

1 MR. KENNEDY: And you don't want to move
2 3.18 in to reference?

3 MR. O'BRIEN: Are you raising an
4 objection?

5 MR. KENNEDY: No. Just asking.

6 MR. O'BRIEN: No, not at this time.

7 Q. (By Mr. O'Brien) Dr. Faruqui, can you
8 tell me what PTR rate you assumed for 2016?

9 A. We're assuming the steady-state rate
10 over the planning horizon steady. And it's a --

11 (Whereupon the Reporter asks for
12 clarification.)

13 THE WITNESS: Steady state. Same
14 number. Constant number.

15 -- on the horizon. And as I said, they
16 are year-to-year dynamics, perhaps in a
17 full-scale analysis in the rate case would need
18 to be considered. What we're doing is we're
19 giving the society benefits of taking the long ^
20 year for that purpose. We rely on the fourth
21 study, also taking a long year. So we are not
22 doing a year-by-year analysis except to

1 illustrate the possibilities.

2 MR. O'BRIEN: If I may just speak to
3 counsel for one quick second.

4 (Whereupon a short recess was taken.)

5 (Whereupon AG Cross Exhibits 4 & 5 was
6 marked for identification.)

7 MR. O'BRIEN: Your Honors, in lieu of
8 further cross, Ameren counsel has agreed to the
9 admissions of what I will mark AG Cross
10 Exhibit 4 and AG Cross Exhibit 5, which are data
11 response request -- data request responses to AG
12 9.04 and AG 9.05, subject to the objections
13 noted on the data request responses.

14 MR. KENNEDY: The Company does not
15 object.

16 JUDGE YODER: Okay. If you only have
17 one, we can make a copy.

18 MR. O'BRIEN: I will just have to write
19 down which it is.

20 JUDGE YODER: I think there were
21 objections filed by Ameren with the response.
22 Noting those, Ameren have any objection to the

1 admission of AG Cross Exhibits 4 or 5?

2 MR. KENNEDY: No, not at this time.

3 JUDGE YODER: Those will be admitted
4 into evidence in this docket. I understand
5 that's the end of the Attorney General's cross.

6 (Whereupon AG Cross Exhibits 4
7 and 5 were admitted into evidence
8 at this time.)

9 MR. O'BRIEN: The People have no further
10 questions for Dr. Faruqui.

11 JUDGE YODER: Does CUB/ELPC still have
12 cross?

13 MR. GHOSHAL: Yes, Your Honor.

14 JUDGE VON QUALEN: Okay. Go ahead.

15 CROSS-EXAMINATION

16 BY MR. GHOSHAL:

17 Q. Dr. Faruqui, my name is Orijit Ghoshal.
18 I'm an attorney with the Citizens Utility Board.
19 I'll be asking you a few questions about your
20 direct and rebuttal testimony.

21 A. Good morning.

22 Q. Referring to your direct testimony,

1 Exhibit 5.0 RH, at lines 74 through 77, you
2 state that you calibrated the I-Grid model to
3 Ameren Illinois' specific conditions, correct?

4 A. Yes.

5 Q. So when projecting benefits and costs of
6 an AMI rollout, characteristics specific to the
7 particular utility performing the rollout are
8 important to consider, right?

9 A. Of course.

10 Q. And further down at lines 86 through 91,
11 you provide a list of states where Brattle has
12 assessed the costs and benefits of deploying
13 electric AMI, right?

14 A. Yes.

15 Q. In any of those assessments, has Brattle
16 found that the benefits from deployment of
17 electric AMI would not exceed the costs?

18 MR. KENNEDY: I'm going to object to the
19 extent that it's not publicly-available
20 information, that he may be disclosing client
21 confidence. It's inappropriate for him to
22 answer that question as to any publicly-filed

1 testimony.

2 MR. GHOSHAL: Certainly, I can rephrase,
3 Your Honor.

4 JUDGE YODER: Sure.

5 Q. (By Mr. Ghoshal) In any of those
6 publicly-filed assessments, has Brattle found
7 that the benefits from deployment of electric
8 AMI would not exceed the cost?

9 A. Brattle was asked not to look at AMI in
10 a broad sense, including operation of benefits,
11 for example. That was not something we looked
12 at. We were asked to look at the customer side
13 and the society benefit. And the gap varied a
14 lot across the state.

15 The analysis study depends on the
16 avoided cost, depends on what kind of program is
17 being offered. And so the role that our
18 analysis made varied quite a bit depending on
19 the specifics of the situation.

20 Q. And regarding any specific state where
21 Brattle has performed such an analysis, and only
22 including those analyses that are publicly

1 available, has Brattle found that the benefits
2 from deployment of electric AMI would not exceed
3 the cost?

4 MR. KENNEDY: I'm going to object
5 because I think you just asked that question.
6 And he made it clear that Brattle's work is not
7 to look at the total benefits and costs, but to
8 focus on the customer and societal-specific
9 benefits.

10 So I think that question assumes that
11 Dr. Faruqui's Brattle performed a total-cost
12 benefit analysis for certain employees.

13 MR. GHOSHAL: I don't think that's what
14 the question assumes, Your Honor. The question
15 asks based on Brattle's analysis of whatever
16 benefits and whatever costs it analyzed whether
17 any particular state had found that the benefits
18 do not exceed the costs.

19 MR. KENNEDY: Well, again, I don't think
20 you're being specific enough. You're asking him
21 about whether they look at customer benefits or
22 societal benefits. I mean, I think you can lay

1 a foundation, which I thought you did in the
2 first question about what their role in these
3 proceedings were. But again, I think if you're
4 focusing on total costs and total benefits,
5 let's make it clear what Brattle's expertise
6 were in these documents.

7 MR. GHOSHAL: I'm asking about any
8 benefits and any costs that Brattle has
9 analyzed.

10 JUDGE YODER: I will sustain the
11 objection as the question was phrased. If you
12 want to rephrase, that would be fine.

13 Q. (By Mr. Ghoshal) In the
14 publicly-available assessments that Brattle has
15 done of the rollout of electric AMI, what types
16 of benefits has Brattle analyzed?

17 A. Customer societal benefits that have a
18 societal aspect to them --

19 (Whereupon the Reporter asks for
20 clarification.)

21 THE WITNESS -- including direct load
22 control, critical-peak pricing, peak-time

1 rebates, time-of-use rates, and similar
2 technologies that work with those rates, such as
3 programable-communicating thermostats, such as
4 in-home display devices and things of that
5 nature.

6 Q. So in any of the states where Brattle
7 has performed an analysis of the societal
8 benefits and the cost to the utility of
9 deploying electric AMI, has Brattle found that
10 those societal benefits do not exceed the cost?

11 A. Brattle has looked at societal benefits
12 and societal costs. We have not compared
13 societal benefits with utility costs. Subject
14 to that caveat, the answer is we have found the
15 societal benefits of electric AMI which open the
16 door to all of the smart rate customer society
17 technologies that I've just mentioned have
18 exceeded the cost.

19 Q. Thank you.

20 For clarification purposes, I'll move
21 you to line 179 of your direct testimony. This
22 is before you make a footnote clarifying that

1 when you refer to customer classes, you're
2 referring to only those with a smart meter?

3 So on line 179 when you say "all
4 residential customers," do you mean all
5 residential customers with a smart meter?

6 A. That's correct. Yes.

7 Q. I'll refer you now to lines 182 through
8 184.

9 A. Yes.

10 Q. Here you explain the basic structure of
11 a critical peak pricing dynamic rate, correct?

12 A. Yes.

13 Q. And you explain that a critical peak
14 pricing rate offers higher prices during peak
15 hours on critical days and a discounted price
16 during off-peak hours, right?

17 A. Yes.

18 Q. Does the difference between those two
19 amounts, the peak price and the off-peak price,
20 affect your estimate of the benefits projected
21 from a CPP?

22 A. Yes. It affects it by affecting the

1 amount of demand response that it triggers.

2 Q. I'll refer you now to lines 216 through
3 218. Here you state that you assumed the same
4 participation rates for a CPP and DLC program
5 that you assume for the residential class,
6 correct?

7 A. Yes.

8 Q. And what evidence did you rely upon to
9 use the same assumptions for residential and
10 small commercial customers?

11 A. The evidence for this analysis comes
12 from a variety of different sources, including
13 actual utility programs that have been rolled
14 out, including a market research that had been
15 done on these customers who survey the effect
16 with an interest.

17 And again we find similarities in the
18 degree of interest they have. The load is about
19 the same. The money at stake is about the same.

20 Q. I'll refer you further down to line 224.
21 There you refer to an S-curve growth pattern
22 that describes the participating rates for

1 dynamic pricing programs over time, correct?

2 A. Yes. We made an assumption that dynamic
3 pricing programs, when they are rolled out over
4 time, would follow the same S-shaped curve that
5 is used in the marketing literature for relying
6 on different parts.

7 We assume that because we are dealing
8 with the same customers, we're buying two stages
9 of clothing. They are generally facing this
10 phenomenon known as a market diffusion curve,
11 which was put forward in 1969 by Professor Bass.
12 It's a well-established concept in the marketing
13 literature. All we're doing here is analogies,
14 make a projection for something like dynamic
15 pricing, which doesn't yet have a 20-year
16 history.

17 Q. Further down on lines 228 to 248, you
18 refer to a database called Brattle's Arc of
19 Price Responsiveness, correct?

20 A. Yes.

21 Q. And this database is based on
22 observations from over a hundred pilot programs,

1 right?

2 A. That's correct.

3 Q. How many of those hundreds of programs
4 observed in the database were offered by
5 alternative suppliers?

6 A. So a few of those were. But by in
7 large, those were provided by the incoming
8 utilities.

9 Q. Do you have any idea of what percentage
10 of the programs were offered by alternative
11 suppliers?

12 A. I guess if you regard the programs being
13 offered in Illinois, the realtime pricing
14 program by suppliers, they are included in our
15 database. But there are not too many like that
16 right now that are in the database.

17 Q. I'll refer you further to lines 241
18 through 244. There you state that the amount of
19 daily energy reduction expected of residential
20 and small commercial and industrial customers
21 with and without enabling technologies is based
22 on previous work done by Brattle for the

1 Institute For Electric Efficiency, correct?

2 A. Are you referring to line 244?

3 Q. Yes.

4 A. Yes.

5 Q. And in the study that you reference on
6 line 244, did Brattle estimate benefits for a
7 range of different utility companies?

8 A. Yes. We created four prototypical
9 utility. They are not actual utility. But they
10 were designed to capture the kind of variations
11 we have around the country and the need for
12 operational benefits, whether or not they
13 already have AMR in place.

14 The kind of loads that they have, the
15 size of the utilities, things like that. So we
16 created four prototypical utilities. And for
17 each of those four, we carried out this
18 analysis.

19 Q. Were provisions made by alternative
20 suppliers part of this analysis?

21 A. No. That was a level of detail we
22 didn't get into.

1 Q. I'll refer you now to your rebuttal
2 testimony, Exhibit 10.0 RH, refer you to lines
3 86 through 92. I think that's page five.

4 A. Okay.

5 Q. There you state that AMI will allow the
6 installation of web portals through which
7 customers can review their energy use patterns
8 and associated costs, correct?

9 A. Yes.

10 Q. And you believe that this web portal
11 access coupled with enabling technologies will
12 lead to energy efficiency benefits, right?

13 A. That's correct.

14 Q. Will those energy efficiency benefits
15 accrue absent enabling technologies?

16 A. My perception is that the web portal is
17 a very powerful enabling technology in itself.
18 And when customers understand where their energy
19 dollar is going, and they understand that peak
20 times are more expensive than off-peak times, I
21 believe the web portal by themselves empower
22 customers by providing them information; and,

1 therefore, they will provide a small half a
2 percent type of reduction in and of themselves.

3 Q. What basic functionalities are required
4 of the web portal to provide this half a cent
5 reduction?

6 A. So that portal would, first of all, have
7 to be easy for the customer to access. It would
8 have to be well advertised so the customers are
9 aware of it. It would need to show them, with a
10 relatively easy interface, the amount of energy
11 they are consuming by hour. It will have to
12 show them the cost of that energy by hour. And
13 it would have to provide them tips on how they
14 would further reduce their usage by saying that
15 it looks like they're using more energy than the
16 average customers in your example, in your
17 neighborhood, and, therefore, here are five
18 things you might want to do.

19 So I believe that portal that is well
20 designed and is interactive has a lot of
21 potential. There are, of course, portals today,
22 even before AMI, we have portals that you could

1 say haven't done anything, and that's because
2 most people don't know that they exist. Most
3 people get lost when they get inside their web
4 portals. And the web portals when they even get
5 inside of them provide them literally no
6 content, no information.

7 So if it's a disappointing experience,
8 then people never come back to it. So the web
9 portal has to be something that people want to
10 come back to. Time is very scarce, competes
11 with all the other web portals they're looking
12 at.

13 So I'm making those assumptions because
14 I'm confident the technology and marketing will
15 improve a lot in the next five to ten years. So
16 that's why the web portal intrinsically is a
17 very important part of my computations.

18 Q. I'll refer you further to lines 123 to
19 137. There you explain your reasoning for the
20 program participation rates you have assumed for
21 a peak time rebate, correct?

22 A. Yes. I believe here I'm talking about

1 the participation rates in general for all of
2 the programs that I've looked at, including the
3 peak time rebate.

4 Q. And in 2020 you assume not less than 10
5 percent of customers with smart meters will be
6 on a peak-time rebate, correct?

7 A. You're referring specifically to line
8 126?

9 Q. Yes.

10 A. Yeah. What I'm saying is, by the year
11 2020, five years after the initial rollout of
12 the AMI, residential participation rates are
13 below 10 percent.

14 Q. And in 2032 you assume that
15 approximately 25 percent of customers with smart
16 meters will be on a peak-time rebate, correct?

17 A. That's correct.

18 Q. And is this change between 2020 and 2032
19 explained fully by the S-curve, or is there
20 anything else?

21 A. It's the S-curve.

22 Q. I'll refer you now to lines 152 to 153.

1 There you state that your per customer impact
2 analysis is based on scores of pilot programs,
3 correct?

4 A. Yes.

5 Q. Were any of those pilot programs offered
6 by alternative suppliers?

7 A. Actually, the same database that we
8 talked about earlier. So the large majority of
9 those that are in the database are those that
10 have been published. And typically, the
11 alternative suppliers are reluctant to publish
12 their results unless there's a regulatory
13 requirement to do that.

14 For example, in Illinois there is. But
15 in places like Texas and Pennsylvania and other
16 places, we also look at the data from the UK,
17 Australia, and France, and the only data that's
18 published that we would include in our database
19 was from utility suppliers, for the most part,
20 except for the Illinois ones.

21 Q. So the Illinois programs are the only
22 pilot programs in that database?

1 A. No. Those are the only programs that
2 are, I believe, being offered by third-party
3 providers that are in our database.

4 Q. Right. Sorry. I phrased the question
5 incorrectly.

6 Are the Illinois programs the only
7 programs offered by alternative suppliers in the
8 database?

9 A. Yes.

10 MR. GHOSHAL: No further questions at
11 this time.

12 JUDGE YODER: Thank you.

13 Mr. Giordano, do you have any cross of
14 this witness?

15 MR. GIORDANO: Yes. Thank you.

16 CROSS-EXAMINATION

17 BY. MR. GIORDANO:

18 Q. Good morning, Dr. Faruqui.

19 A. Good morning.

20 Q. Good to see you here today.

21 As you know, I'm Pat Giordano. I
22 represent Comverge.

1 It's true, is it not, that you were one
2 of the primary authors of the "National Action
3 Plan on Demand Response" submitted to Congress
4 by the Federal Energy Regulatory Commission and
5 the United States Department of Energy in
6 July 2011?

7 A. Yes.

8 Q. Now, isn't it true that this report --
9 and I can show you it, but you probably -- my
10 guess is you probably don't need to see it
11 because I'm just quoting the beginning statement
12 where it says: Demand response is a valuable
13 resource for meeting the nation's energy needs.
14 And the report also states that because current
15 efforts have missed a certain amount of the
16 cost-effective demand response potential, it's
17 evident that action needs to be taken to either
18 create new programs or expand existing ones
19 where cost-effective.

20 MR. KENNEDY: Are you asking if he --

21 MR. GIORDANO: I can show it to you if
22 you need to see it.

1 MR. KENNEDY: Well, are you asking if he
2 agrees with that opinion or if that's what
3 the passage is?

4 MR. GIORDANO: That's fine. If you want
5 me to ask him, I'll ask him if he agrees with
6 that.

7 MR. KENNEDY: I think that's fine. You
8 can answer the question whether or not you agree
9 with that statement.

10 THE WITNESS: Yes, I generally agree
11 with that statement.

12 Q. (By Mr. Giordano) And so you also agree
13 then that utilities should develop demand
14 response programs when they are cost-effective,
15 correct?

16 A. I would see no reason why they wouldn't.

17 Q. And you also co-authored the
18 January 2008 paper entitled "Quantifying the
19 Benefits of Dynamic Pricing in the Mass Market,"
20 correct?

21 A. Is that the Electricity Journal article,
22 or is that the paper for EEI? That's an

1 Electric Institute paper?

2 Q. It was presented -- yes, EEI. It's
3 presented by the attorney general in this case
4 as AG 3.12 attachment six. I believe that's
5 part of the record, right? You made that part
6 of the record?

7 MR. KENNEDY: I don't know if that's
8 actually in the record, Mr. Giordano.

9 MR. GIORDANO: In any event, I don't
10 think it has to be part of the record for
11 purposes of this question.

12 Q. (By Mr. Giordano) I would like to refer
13 you to your statement on page one that says:
14 Assuming the operational benefits of AMI are not
15 significant enough to cover its cost, the
16 benefits from demand response can bridge the
17 gap, making the net present value from a long
18 AMI metering investment positive, thereby
19 yielding a viable business case.

20 Do you agree with that statement?

21 MR. KENNEDY: I'll note he doesn't have
22 the article in front of him. If he can --

1 MR. GIORDANO: I can get it.

2 MR. KENNEDY: Do you have a copy for
3 him?

4 MR. GIORDANO: Yeah, I do have a copy.

5 MR. KENNEDY: And I'm just going to look
6 over his shoulder.

7 MR. GIORDANO: I have it here.

8 MR. O'BRIEN: I do not have a clean copy
9 of it.

10 Q. (By Mr. Giordano) Let me just ask the
11 question. Do you agree with the statement -- do
12 you -- would you agree that, assuming the
13 operational benefits of AMI are not significant
14 enough to cover the cost of an AMI -- a long AMI
15 metering investment, the benefits from demand
16 response can bridge the gap making the net
17 present value from the investment positive,
18 thereby yielding a viable business case?

19 A. There's no guarantee, of course. But in
20 many cases that we have looked at, if there's a
21 gap between the investment cost of AMI and the
22 operation of benefits, then one option is to

1 look at the customer side option, such as demand
2 response, that are enabled by AMI. And that's
3 what I have done in several prior projects and
4 studies. I believe that's what the reference
5 was in that paper for the Edison Electric
6 Institute.

7 Q. So now let's turn to your specific
8 testimony in this case, Ameren Exhibit 8.0,
9 rehearing, page 4, line 74 to 75.

10 A. Is that my direct?

11 Q. Yes, your direct. All my questions will
12 be related to your direct.

13 A. I'm sorry. Could you repeat the line?

14 Q. Yes. Page 4, line 74 to 75.

15 A. Okay.

16 Q. And you testify there, don't you, that
17 Brattle developed estimates of the net societal
18 benefits that are likely to have been enabled by
19 the rollout of AMI by Ameren Illinois, correct?

20 A. Yes.

21 Q. Now, one of the categories of societal
22 benefits that you calculated were those derived

1 from demand response, right?

2 A. Yes.

3 Q. Those societal benefits calculated from
4 demand response include avoided -- capacity and
5 energy cost and avoided carbon emissions,
6 correct?

7 A. Yes.

8 Q. Now, you calculated societal benefits
9 from critical peak pricing, correct?

10 A. Yes.

11 Q. And you calculated societal benefits
12 from critical peak pricing plus enabling direct
13 load control technology, correct?

14 A. Yes.

15 Q. And you calculated societal benefits
16 from a peak-time rebate tariff, correct?

17 A. Yes.

18 Q. And you calculated societal benefits
19 from a peak-time rebate tariff plus enabling
20 direct load control technology, correct?

21 A. Right. The only clarification I would
22 make is that we specifically looked at

1 programable communicating thermostats as opposed
2 to compressor switches. But, yes, technology
3 that controls the equipment in addition to the
4 rate.

5 Q. And that would be the same with respect
6 to critical peak pricing, correct? You looked
7 at programmable communicating thermostat as
8 you're enabling direct load technology and you
9 calculated the benefits of including that in a
10 CPP tariff, correct?

11 A. Yes, that is indeed correct.

12 Q. You also calculated benefits from a
13 separate direct load control tariff; isn't that
14 correct?

15 A. Right.

16 Q. So do you believe that it's important
17 that it be assured that peak-time rebate,
18 peak-time rebate plus enabling direct load
19 control technology, critical peak pricing,
20 critical peak pricing plus enabling direct load
21 control technology, and direct load control
22 technology, direct load control separate

1 programs be available to Ameren customers so
2 that these large benefits you calculated can be
3 realized?

4 A. I don't think those benefits can be
5 realized without the items you just listed. So
6 that's exactly right.

7 Q. Now, you calculated net benefits from
8 demand response in nominal dollars of
9 403.3 million and net present value dollars of
10 238.8 million, correct? That's in your
11 Exhibit 5.6 RH.

12 A. So I'm looking now at 5.6. Let me just
13 verify those numbers. You are specifically
14 referring to demand response?

15 Q. Yes, sir.

16 A. So 403 million dollars, roughly, for
17 demand response without discounting and 239
18 million dollars, roughly, for demand response in
19 the net present value terms.

20 Q. And those are net benefits, correct?

21 A. That's correct.

22 Q. Now, are those -- do those net benefits

1 of the demand response programs accrue to all
2 Ameren customers, including those who don't
3 participate in the programs?

4 A. We are not looking at specific reduction
5 bill that would accrue to the participating
6 customers. We are looking at the societal
7 benefits in the form of lower avoided cost,
8 lower energy cost, lower carbon emissions. So,
9 yes, they accrue to all of the customers
10 collectively speaking. And we are also
11 including the atmosphere in that calculation of
12 the benefits.

13 Q. So those benefits would accrue to all
14 customers, including non-participants in a
15 particular program, all Ameren customers,
16 correct?

17 A. I believe that's correct. I believe
18 that's correct.

19 Now, obviously, the participating
20 customers would experience a greater share of
21 the benefits. But some of these benefits would
22 accrue to all. We didn't get into the splitting

1 of the benefit into participants and
2 non-participants. That would be a more
3 granular analysis that could be done with
4 staying at the higher level.

5 Q. But you would agree that these avoided
6 generating capacity costs would accrue to the
7 benefit of all Ameren customers, correct?

8 A. I believe that's correct.

9 Q. And the avoided transmission and
10 distribution capacity costs would also accrue to
11 the benefit of all Ameren customers, correct?

12 A. Right. To the extent that the system --
13 Ameren system in Illinois collectively spending
14 this money on those items, that would certainly
15 lower the revenue requirements that ultimately
16 would benefit more customers.

17 Now, the participant that I mentioned
18 earlier would get the lower bills. That would
19 be an additional benefit they would have. So
20 this is not meant to say that the benefits would
21 be proportionately spread out across all the
22 customers. It's a separate issue that in rate

1 cases would have to be looked at.

2 Q. But to the extent that those costs were
3 lowered and those savings were passed on to all
4 Ameren customers, all Ameren customers would
5 benefit, correct?

6 A. I believe all Ameren customers are
7 better off if these programs are done compared
8 to if the programs are not done.

9 Q. What assumptions did you use about when
10 the critical pre-pricing tariff would begin for
11 residential customers?

12 A. What year, in other words?

13 Q. Yes, sir.

14 A. So consistent with the testimony by the
15 preceding witness, we assumed 2016 was the year
16 in which these benefits would begin because
17 that's when the programs would be offered.

18 Q. What about the peak-time rebate tariff?

19 A. My understanding is that the peak-time
20 rebate tariff, just like the critical pricing
21 tariff, cannot be offered just by putting AMI in
22 the field. There also has to be a method for

1 creating customer baseline and doing all the
2 billing and calculation of rebates.

3 And the assumptions we were provided by
4 Ameren was that 2016 is going to be the year in
5 which the system will be fully functional and
6 therefore capable of providing rebates, capable
7 of sending out time-varying price signals, and
8 all of the paraphernalia that underlies my
9 assessment. So year one for us is essentially
10 the year 2016.

11 Q. Did Ameren inform you that if their AMI
12 plan is approved, they're statutorily required
13 to file a peak-time rebate tariff within 60 days
14 of that approval that would make peak-time
15 rebates available to customers when they receive
16 their AMI meter?

17 A. They did not. But what I will tell you
18 is my understanding is that it will take years
19 for the AMI meters to be deployed.

20 The big question that has arisen in
21 other states and other jurisdictions is you
22 start offering it to a few customers who, of

1 course, get the meters, you wait until
2 everyone's gotten the meter, and those kinds of
3 issues typically, in my experience, take more
4 than 60 days.

5 So I'm not familiar with that law. I
6 don't know the details. But it is a practical
7 consideration that has to be looked into, is how
8 soon that can be offered. For example, in
9 California, it's taken a fairly long time. And
10 in the states of Maryland in addition to
11 Columbia, it's also taking a longer time than
12 just 60 days.

13 Q. To be clear, the tariff would have to be
14 filed within 60 days. It doesn't mean that the
15 actual implementation would have to occur within
16 60 days?

17 A. Oh, I see. Okay. I didn't catch that.

18 I do not know about the tariff filing
19 deadline.

20 Q. And is there anything in your experience
21 that with these other utilities that you've
22 learned that you could help this Commission with

1 implementing these demand response programs as
2 quickly and effectively as possible?

3 MR. KENNEDY: I'm going to have to
4 object to that as beyond the scope of his
5 testimony. I mean, it's a great question, but I
6 can't let it go.

7 MR. GIORDANO: I don't think it's beyond
8 the scope. I mean, I think that this is -- we
9 want to have as effective of demand response
10 programs as we can. And I think that, you know,
11 Dr. Faruqui is an expert, and so he's talked
12 about other utilities, and I thought it might be
13 helpful to the Commission.

14 JUDGE YODER: It might be helpful, but I
15 will sustain the objection. It's a little
16 open-ended and beyond the scope.

17 Q. (By Mr. Giordano) I would like to show
18 you what we've marked as Converge Cross Exhibit
19 RH 1.0. This is the Household Response to
20 Dynamic Pricing of Electricity, a Survey of the
21 Experimental Evidence by Ahmad Faruqui and
22 Sanem -- I don't know if I have that pronounced

1 right --

2 A. Sergici.

3 Q. -- Sergici, January 10, 2009.

4 JUDGE YODER: Might need the spelling of
5 that for the transcript.

6 MR. GIORDANO: S-E-R-G-I-C-I.

7 MR. SAGONE: I'm sorry. This is
8 Chicago. Can we hear that again? We didn't
9 quite hear everything, the title of that.

10 MR. GIORDANO: Yes. It's Household
11 Response to Dynamic Pricing of Electricity, a
12 Survey of the Experimental Evidence by Ahmad
13 Faruqui and Sanem Sergici.

14 MR. KENNEDY: I'm going to go ahead now
15 and object to the admission of this document
16 along the same lines as I did before. It's a
17 prior statement. It's a publication, but that
18 doesn't mean it's admissible evidence. I'm okay
19 with him asking questions, you know, for
20 impeachment or whether he agrees with opinions
21 that are in the document. But I'm going to move
22 to object as having the whole document admitted

1 as evidence.

2 JUDGE YODER: Well, we'll hold that in
3 abeyance until we see where Mr. Giordano's going
4 with this. Then you can renew your objection if
5 need be.

6 MR. GIORDANO: Do you want me to respond
7 to it later?

8 JUDGE YODER: No. Go ahead and --

9 MR. GIORDANO: Start now?

10 JUDGE YODER: Start with the question
11 and then we'll see if -- or he can renew his
12 objection.

13 Q. (By Mr. Giordano) Dr. Faruqui, you
14 co-authored this document, correct?

15 A. Yes.

16 Q. And your survey was done of 15 -- 15
17 utility programs, correct?

18 A. Yes. This, just for the record, was
19 done back in January of 2009. And we have
20 subsequently updated the survey. But, yes, this
21 paper dealt with 15 programs.

22 It had many specific experiments within

1 them. So there was more than 15 pilots. If you
2 think of a pilot as a specific rate design, 15
3 was the number of programs, and there were
4 several sub-pilots within each.

5 Q. And your survey indicated of these many
6 programs that when critical peak pricing was
7 accompanied by enabling direct load control
8 technology, peak demand was reduced by -- from
9 27 percent to 44 percent, correct?

10 A. I wouldn't mind if you would point out
11 the specific reference. It sounds generally
12 correct.

13 Q. It's right on page one of this abstract.

14 A. Of the abstract?

15 Q. Yes, sir. It's right on page one there,
16 I think at the bottom.

17 A. Yes.

18 Q. So the answer is "yes" to that question?

19 A. Yes, it is. It is yes.

20 Q. And in all of these critical peak
21 programs, the enabling direct load control
22 technology was provided to the participant in

1 the program by the utility, correct?

2 A. That's correct.

3 MR. GIORDANO: I would like to move for
4 the admission of Converge Cross Rehearing
5 Exhibit 1.

6 MR. KENNEDY: I raise the same objection
7 before. Like I said, I'm fine with him asking
8 questions about opinions, whether or not it
9 tests the consistency of his opinions today.
10 It's a public source. It's a prior statement.

11 MR. GIORDANO: I don't understand what
12 the objection is. What are the grounds of your
13 objection?

14 MR. KENNEDY: I'm objecting, it's
15 hearsay. It's a prior statement out of court of
16 this witness, who's not an Ameren employee, not
17 a party to this proceeding, so it's not properly
18 admissible evidence.

19 MR. GIORDANO: I think it is certainly
20 under -- admissible under the exceptions of the
21 hearsay rule as testimony of an expert. You can
22 certainly admit prior expert analysis done by

1 experts. I mean, that's the way that hearings
2 are handled; otherwise, you would have a
3 situation where you would object every time it
4 would try to be admitted, prior studies done by
5 an expert. That's, I think, ludicrous.

6 MR. KENNEDY: I mean, that's your
7 opinion of the objection. At least my opinion
8 of the objection is that it's appropriate to
9 test the expert's opinion in this proceeding
10 with prior opinions. But we're not here to have
11 a truckload of his publications put into the
12 record. That's not the purpose --

13 MR. GIORDANO: So you don't want for
14 this Commission to have a record of -- a study
15 of 15 prior pilot programs, demand response
16 programs that was done by your witness? Just to
17 be clear, that's what you're saying?

18 MR. KENNEDY: No. I'm saying that it's
19 not properly admissible evidence and it wasn't
20 anything he testified to.

21 JUDGE YODER: Mr. Giordano, are you done
22 with your questioning and cross exhibit, Cross

1 Exhibit RH 1.0?

2 MR. GIORDANO: Yes, sir.

3 JUDGE YODER: Are you done after this?

4 Is that the end of your cross?

5 MR. GIORDANO: I'm done.

6 JUDGE YODER: I will admit the cross
7 exhibit over objection of Dr. Faruqui. He has
8 clarified when this was done. And I think for
9 whatever purpose, I think it's admissible at
10 this point.

11 So you are done with your cross, you
12 said?

13 (Whereupon Converge Cross
14 Exhibit 1 RH was admitted
15 into evidence at this time.)

16 MR. GIORDANO: Just one more if that's
17 okay, Your Honor?

18 JUDGE YODER: Okay.

19 MR. GIORDANO: Probably should have
20 stopped then, but...

21 Q. (By Mr. Giordano) But you did state,
22 Dr. Faruqui, that there are other societal

1 benefits from AMI, include bidding of demand
2 response into ancillary services markets,
3 correct?

4 A. In my rebuttal, I believe that's the
5 last question and answer that I make that
6 reference.

7 Q. Do you believe that it's possible to bid
8 demand response accurately and predictably into
9 the ancillary service market without direct load
10 control technology?

11 A. I don't think so. In other words, you
12 would need technology enabled because it's very
13 fast; it has to be done quickly. And we count
14 upon it, so you would need the AMI technology in
15 that mode of operation.

16 MR. GIORDANO: Thank you. No further
17 questions.

18 JUDGE YODER: Do you need to talk with
19 your witness?

20 MR. KENNEDY: Yeah, if I could get a few
21 minutes.

22 JUDGE YODER: Go off the record for a

1 minute.

2 (Whereupon a short recess was taken.)

3 JUDGE YODER: Back on the record. Is
4 there any redirect? Mr. Kennedy, is there any
5 redirect of your witness?

6 MR. KENNEDY: Yes, Your Honor. We want
7 to clarify one particular line of questioning
8 that was asked by Mr. Giordano.

9 REDIRECT EXAMINATION

10 BY MR. KENNEDY:

11 Q. Dr. Faruqui, do you remember some
12 questions by counsel from Converge about the
13 filing date of -- Ameren's required filing date
14 for its PTR tariff?

15 A. 60 days.

16 Q. Correct.

17 Does the fact that Ameren is required by
18 statute to file its PTR tariff within 60 days,
19 does that impact your calculation of projected
20 societal benefits?

21 A. No, it doesn't.

22 Q. Can you please explain why not.

1 A. Because for the benefits to be realized,
2 the tariff actually has to be available to the
3 customers to take advantage of. It doesn't
4 matter whether it's in the tariff books for two
5 or three years. What matters is when the tariff
6 actually is being offered and available to the
7 customers.

8 And because PTR, the dynamic pricing
9 tariff, what that means is that the AMI has to
10 be in place and it has to be fully functional.
11 So it takes a combination of the tariff and the
12 technology for the benefits to be realized. So
13 that's why we have assumed the year 2016,
14 because that's what I was told was the earliest
15 year in which the functionality would be up and
16 running.

17 MR. KENNEDY: That's all the questions I
18 have.

19 JUDGE YODER: Any recross?

20 MR. GIORDANO: No.

21 JUDGE YODER: No one else? Okay.

22 All right then, Dr. Faruqui, you may

1 step down.

2 Is there any objection to the admission
3 of Ameren Exhibit 5.0 RH, direct of Dr. Faruqui
4 with the Company exhibits or Ameren Exhibit 10.0
5 RH, the rebuttal testimony of Dr. Faruqui?

6 Hearing no objection, those will be
7 admitted into evidence in this docket.

8 (Whereupon Ameren Exhibits 5.0 RH
9 and 10.0 RH were admitted into
10 Evidence at this time.)

11 JUDGE YODER: It's about 1:15 or so --

12 JUDGE VON QUALEN: 12:15.

13 JUDGE YODER: I'm sorry. 12:15.

14 Getting ahead of myself. So we will break at
15 this time for lunch.

16 If anybody has any testimony by
17 affidavit or anything, we can take that up right
18 when we come back from lunch. Try and be back
19 here by 1:15. Thank you.

20 (Whereupon a recess was taken.)

21 JUDGE YODER: Mr. Fitzhenry, will you
22 call your first witness.

1 MR. FITZHENRY: I don't believe
2 Mr. Blessing was here when you first swore in
3 witnesses.

4 JUDGE YODER: He was not? All right.

5 (Whereupon the Witness, JAMES C.
6 BLESSING, was sworn by Judge Yoder.)

7 EXAMINATION

8 BY. MR. FITZHENRY:

9 Q. Good afternoon, Mr. Blessing. Will you
10 please state your full name, your business
11 address and your title.

12 A. Yes. My name is James C. Blessing. I
13 am director of power supply and infrastructure
14 development for Ameren Illinois. My business
15 address is 60 Consecutive Drive, Collinsville,
16 Illinois, 62234.

17 Q. And, Mr. Blessing, have you caused to be
18 prepared by you or under your direction and
19 supervision certain testimony for submission
20 into the record in this docket?

21 A. I did, sir.

22 Q. I show you what's been previously marked

1 for identification as Ameren Exhibit 9.0 RH
2 revised, titled: Advised Rebuttal Testimony on
3 Rehearing of James Blessing, and ask if that is,
4 in fact, the testimony that you intend to submit
5 into the record in this docket.

6 A. That is the testimony I will submit.

7 Q. And it was prepared by you and under
8 your direction and supervision?

9 A. Yes, it was.

10 Q. Do you have any corrections or edits to
11 the testimony?

12 A. No, I do not.

13 Q. If I were to ask you the questions set
14 forth in the testimony, would you give the same
15 answers today?

16 A. Yes, I would.

17 Q. And just for clarification, there's also
18 an appendix A which sets forth your statement of
19 qualifications?

20 A. That's correct.

21 MR. FITZHENRY: Your Honor, at this
22 time, we move for the admission of Ameren

1 Exhibit 9.0 RH revised. I make note of the fact
2 that we also filed a confidential -- or
3 proprietary version of the testimony, and that a
4 good portion of Mr. Blessing's testimony is
5 confidential and proprietary. We ask that
6 counsel be wary of that when asking questions.

7 JUDGE YODER: With that understanding,
8 should the cross-examination delve into
9 confidential matter?

10 MR. GIORDANO: Will not.

11 JUDGE YODER: All right. If it does, we
12 will have to go in camera and turn off the
13 intranet, but assuming it doesn't.

14 Mr. Giordano, do you have cross for this
15 witness?

16 MR. GIORDANO: Hi, Mr. Blessing.

17 THE WITNESS: Good afternoon.

18 MS. CARDONI: We can't hear Mr. Giordano
19 in Chicago.

20 JUDGE YODER: I think he's okay now.

21 EXAMINATION

22 BY MR. GIORDANO:

1 Q. I'm going to refer you to your rebuttal
2 testimony, Exhibit 9.0 RH. And you testify on
3 page 12, lines 227 to 230 that Attorney General
4 witnesses -- Witness Hornby's concern that the
5 company's demand response programs may not lead
6 to actual reductions in capacity requirements;
7 and you testified that that's not a legitimate
8 concern, correct?

9 A. That is correct.

10 Q. And specifically you state that PTR, CPP
11 and demand direct load control programs would
12 qualify as a load modifying resource -- resource
13 which would be able to be converted to zonal
14 resource credits, which could be used in the
15 myZone (phonetic) planning process allowing
16 Ameren Illinois to monetize the value of the
17 peak demand reduction and pass that value to
18 customers, correct?

19 A. Yes, that is correct.

20 Q. So to the extent that Ameren adopts peak
21 time rebate, critical peak pricing or direct
22 load control programs, these programs can create

1 peak demand reductions whose value can be
2 monetized by Ameren and passed through to
3 customers, correct?

4 A. Yes, that's correct for those programs
5 that we would have or an alternative supplier
6 could also provide those programs and monetize
7 them in that same nature.

8 Q. But the alternative supplier couldn't
9 pass through the savings to Ameren customers in
10 that way, correct?

11 A. If they were the provider of power
12 supply to that customer, they could.

13 Q. For that particular customer?

14 A. Yes. Yes.

15 MR. GIORDANO: I have no further
16 questions.

17 JUDGE YODER: Any redirect?

18 MR. FITZHENRY: I thought you waived
19 cross?

20 MS. MUNSCH: We actually have some cross
21 exhibits submitted.

22 MR. O'BRIEN: I'm sorry. For the

1 record, both People and CUB in lieu of cross
2 have cross exhibits. Do you want to go first?

3 JUDGE YODER: All right.

4 MS. MUNSCHE: These are data request
5 responses prepared by Mr. Blessing that we've
6 discussed with counsel. These are labeled as
7 CUB Cross Exhibit 1. These are the responses --

8 JUDGE YODER: Ms. Munsch, is it CUB or
9 CUB/ELPC?

10 MS. MUNSCHE: CUB/ELPC. I'm sorry. You
11 are correct, Your Honor. CUB/ELPC Cross
12 Exhibit 1 --

13 THE WITNESS: I've got it.

14 MS. MUNSCHE: These are 4.11 and 4.12.

15 MR. FITZHENRY: We have no objection.

16 JUDGE YODER: All right then, without
17 objection, CUB/ELPC Cross Exhibit 1 will be
18 admitted into evidence in this docket.

19 Does AG also have any cross exam?

20 (Whereupon CUB/ELPC Cross Exhibit 1
21 was admitted into evidence
22 at this time.)

1 MR. O'BRIEN: Similarly, the People have
2 what I've marked AG Cross Exhibit 6, which is
3 Ameren's response to AG data request 9.02, which
4 was prepared by Mr. Blessing. We have discussed
5 this with counsel.

6 And we also have AG Cross Exhibit 7,
7 which is Ameren's response to AG 9.03.
8 Sub-parts B through E were prepared by
9 Mr. Blessing. And that is what we would seek to
10 admit.

11 MR. FITZHENRY: No objection.

12 JUDGE YODER: Then without objection --
13 I'm sorry -- AG Cross Exhibit 6 and Cross
14 Exhibit 7 will be admitted into evidence in this
15 docket.

16 (Whereupon AG Cross Exhibits 6 and
17 7 were admitted into evidence
18 at this time.)

19 MR. FITZHENRY: No redirect.

20 JUDGE YODER: No redirect then.

21 Is there any objection to the admission
22 of Ameren Exhibit 9.0 RH, the revised rebuttal

1 testimony on the hearing of Mr. Blessing filed
2 both public and confidential versions with the
3 attached appendix. Hearing no objection, that
4 will be admitted into evidence into this docket.

5 (Whereupon Ameren Exhibit 9.0 RH
6 was admitted into evidence at
7 this time.)

8 JUDGE VON QUALEN: Good afternoon,
9 Mr. Davis.

10 MR. DAVIS: Good afternoon.

11 JUDGE VON QUALEN: Were you sworn in
12 this morning?

13 MR. DAVIS: Yes, I was.

14 EXAMINATION

15 BY MR. WHITT:

16 Q. Good afternoon, Mr. Davis. Could you
17 introduce yourself to the Commission by
18 providing your full name, employer, and title,
19 please?

20 A. Yes. I am William R. Davis. I am
21 senior corporate planning. And my business
22 address is 1901 Chouteau Avenue, St. Louis,

1 Missouri, 63103.

2 Q. Mr. Davis, who is your employer?

3 A. Ameren Services.

4 Q. You have in front of you, sir, a
5 document that has been pre-marked as Ameren
6 Exhibit 12.0 RH.

7 A. Yes.

8 Q. And what is that document?

9 A. That is my rebuttal testimony.

10 Q. Was the document prepared by you or
11 under your supervision?

12 A. Yes, it was.

13 Q. Do you have any additions or corrections
14 to make to your testimony?

15 A. No, I do not.

16 Q. If I were to ask you the same questions
17 that appear in Exhibit 12.0 RH today, would your
18 answers be the same?

19 A. Yes, they would.

20 MR. WHITT: Thank you. I have nothing
21 further. And I move for the admission of Ameren
22 Exhibit 12.0 RH.

1 JUDGE VON QUALEN: All right. Is there
2 any cross of Mr. Davis?

3 MR. O'BRIEN: The People have no cross.

4 JUDGE VON QUALEN: Is there any
5 objection then to Ameren Exhibit 12.0 RH?
6 Hearing no objections, Ameren Exhibit 12.0 RH is
7 admitted into evidence.

8 (Whereupon Ameren Exhibit 12.0 RH
9 was admitted into evidence at
10 this time.)

11 Thank you, Mr. Davis.

12 MR. DAVIS: Thank you.

13 JUDGE VON QUALEN: Mr. Abba, you were
14 sworn in this morning, correct?

15 THE WITNESS: Yes, ma'am.

16 DIRECT EXAMINATION

17 BY MR. WHITT:

18 Q. Good afternoon, Mr. Abba. Could you
19 please introduce yourself to the Commission by
20 stating your full name, employer title, and
21 business address, please.

22 A. My name is Michael Steven Abba. I'm

1 manager of Smart Grade Integration System
2 Improvement at Ameren Illinois. My business
3 address is 1800 West Main Street, Marion,
4 Illinois 62959.

5 Q. Mr. Abba, do you have in front of you a
6 document marked as Ameren Exhibit 3.0 RH?

7 A. Yes.

8 Q. What is that document?

9 A. It is my rehearing testimony.

10 Q. Is it your direct testimony in this
11 proceeding?

12 A. Yes.

13 Q. And does your direct testimony include
14 Ameren Exhibits 3.1 and 3.2 RH revised?

15 A. Yes.

16 Q. Do you have any additions or corrections
17 to make to your direct testimony?

18 A. Other than the ones I've submitted on
19 rebuttal, no.

20 Q. And to the extent you've made changes
21 during the course of the proceedings, those
22 would be reflected in the revised testimony that

1 you have in front of you today, correct?

2 A. It's revised exhibits.

3 Q. If I were to ask you the same questions
4 in Ameren Exhibit 3.0 RH today, would your
5 answers be the same?

6 A. Yes.

7 Q. Do you have in front of you a document
8 marked as Ameren Exhibit 8.0 RH?

9 A. Yes.

10 Q. What is that document?

11 A. It is my rebuttal testimony.

12 Q. And does your rebuttal testimony include
13 Ameren Exhibits 8.1 and 8.2 RH?

14 A. Yes.

15 Q. Do you have any additions or corrections
16 to make to your rebuttal testimony?

17 A. No.

18 Q. If I were to ask you the same questions
19 that appear in Ameren Exhibit 8.0 RH today,
20 would your answers be the same?

21 A. Yes.

22 MR. WHITT: Your Honors, at this time, I

1 would move for the admission for the previously
2 identified exhibits subject to
3 cross-examination.

4 JUDGE VON QUALEN: Very well. Who wants
5 to proceed with cross-examination?

6 MR. O'BRIEN: The People can begin.
7 Before we get started in earnest, in an effort
8 to expedite our cross of Mr. Abba, the People
9 discussed with Company counsel the admission of
10 AG Cross Exhibit 8, which is an Ameren Illinois
11 Company response to AG data request 9.01
12 prepared by Mr. Abba subject to the objections
13 that were noted in the document by counsel.

14 MR. WHITT: No objection from the
15 Company, Your Honors. We may wish to discuss
16 the responses in redirect testimony; otherwise,
17 no objection.

18 JUDGE VON QUALEN: AG Cross Exhibit 8 is
19 admitted into evidence.

20 (Whereupon AG Cross Exhibit 8
21 was admitted into evidence at
22 this time.)

1 CROSS-EXAMINATION

2 BY MR. O'BRIEN:

3 Q. Now, with that out of the way, good
4 afternoon, Mr. Abba.

5 A. Good afternoon.

6 Q. My name is Tim O'Brien. And I represent
7 the People of the State of Illinois.

8 And I would like to start by directing
9 you to Ameren Exhibit 3.1, the cost benefit
10 analysis, specifically Section 5.13.

11 A. 5.13 on page 30.

12 Q. Okay.

13 Was this section prepared by you or
14 under your control?

15 A. Yes.

16 Q. Now, the Company assumes in its cost
17 benefit analysis, and I'm going to quote this
18 here, quote, A likely participation scenario in
19 which 40 percent of the residential customers
20 who receive AMI will be on some type of demand
21 response. And 3 to 6 percent participation
22 among commercial and industrial customers with

1 AMI.

2 Correct?

3 A. That is what the cost benefit analysis
4 says, yes, sir.

5 Q. Are the 3 to 6 percent commercial and
6 industrial participation levels over and above
7 the level of C&I demand response participation
8 that currently exists within Ameren's service
9 territory?

10 A. Yes, those are incremental numbers.

11 Q. This section also states, quote,
12 commercial and industrial customers may be on a
13 critical peak pricing program with or without
14 automated demand response; additionally, certain
15 C&I customers may qualify to participate in a
16 direct load control program. These programs may
17 be provided by the utility or by third-party
18 service providers.

19 Do you see that?

20 A. Yes, sir.

21 Q. What is the current level of C&I DR
22 participation in American service territory?

1 A. I do not know the answer to that, sir.

2 Q. Is there someone at the Company that
3 would?

4 A. I'm not aware. My assumption is there
5 would be some of that that could be provided now
6 by third parties and others. But I'm not aware
7 of what that number is, sir.

8 Q. So how was that commercial and
9 industrial forecast assumption derived?

10 A. It was based on information from
11 Dr. Faruqui's testimony about incremental C&I
12 participation in demand response programs that
13 would be supported by AMI implementation.

14 Q. So was there any consultation with
15 third-party providers before making that
16 assumption?

17 A. I believe Dr. Faruqui explained where
18 those assumptions came from, sir.

19 Q. Did you or any direct Ameren employee
20 consult with third-party providers?

21 A. Not to my knowledge.

22 Q. And was there any contact with C&I

1 customers to determine what their level of
2 interest in a new DR measure would be?

3 A. Not to my knowledge.

4 Q. If I could just direct you to, it was AG
5 Cross Exhibit 8, and I just have one brief
6 question on this because I know it's already in
7 the record.

8 In your response to 9.01 (b), boy, you
9 note that the return on equity assumed for all
10 scenarios in Exhibit 8.2 RF was 10.1 percent.
11 The 10.1 percent return on equity, is that after
12 taxes?

13 A. I believe that's information provided in
14 Mr. Bill Davis's testimony. So I think it is --
15 it's independent of taxes. But Mr. Davis's
16 testimony has that information.

17 Q. And then finally, also in 9.01, (d),
18 dog, this response was prepared by you or under
19 your control?

20 A. Yes, sir.

21 Q. The response reads: In addition, as the
22 cost and benefits in the three staff analysis

1 scenarios in Exhibit 8.2 RH are identical, the
2 rate of return for all three is the same. Do
3 you see that?

4 A. Yes, sir.

5 Q. Does this mean then that the
6 10.1 percent return is the same under all of
7 these scenarios considered in 8.2 RH?

8 A. Yeah, I believe the answer to (b) says
9 that every scenario that we used in the
10 calculation of cost benefit analysis includes
11 the 10.1 percent.

12 Q. Now, finally, I would just like to take
13 you back to the section where we just were in
14 3.1, the cost benefit analysis, section 5.13.
15 The section states that to quantify the
16 potential benefits of demand response, Ameren
17 Illinois expects that all residential customers
18 will be eligible to participate in the peak time
19 rebate program for electricity curtailed during
20 critical peak hours.

21 Is that correct?

22 A. Yes, sir.

1 Q. And the section also states:
2 Residential customers will also have
3 opportunities to opt into a critical peak
4 pricing rate with and without enabling
5 technologies; is that correct?

6 A. Yes, sir.

7 Q. Which enabling technologies is Ameren
8 referring to at this point?

9 A. It's enabling technologies that
10 Dr. Faruqui included in his analysis and already
11 spoke to them.

12 Q. And how many of the participants in PTR
13 will utilize these enabling technologies for
14 purposes of your demand response benefit
15 assumptions?

16 A. I don't have those numbers in front of
17 me. But they are provided in information that
18 Dr. Faruqui already presented.

19 Q. Has Ameren made specific assumptions
20 that rely on specific technology choices?

21 A. No.

22 Q. Now, the section also states residential

1 customers will also have opportunities to opt in
2 to direct load control or time-of-use with smart
3 charging for electric vehicles, correct?

4 A. Correct.

5 Q. How are these participation groups for
6 purposes of computing DR benefits broken down in
7 terms of the total DR benefit assigned?

8 A. I don't have those details. Once again,
9 they are included in Dr. Faruqui's testimony and
10 analysis.

11 Q. Is Ameren asking for approval of a
12 specific time-of-use rate in this docket?

13 A. No, sir.

14 Q. When will Ameren be making that proposal
15 or filing a tariff?

16 A. I believe Mr. Jones already addressed
17 that question.

18 Q. And do you remember what his response
19 was?

20 A. I believe the response would be, per his
21 testimony, that we would propose a series of
22 workshops, and then sometime beyond 2016, we

1 make the determination if that was appropriate
2 or not.

3 Q. The cost benefits study also states here
4 that: The benefits of these programs are
5 largely driven by participation rates in the
6 programs and the change in peak-load usage per
7 customer valued at the appropriate avoided
8 capacity and energy costs and avoided carbon
9 emissions.

10 Do you see that?

11 A. Yes, sir.

12 Q. And if we look just at the bottom of
13 that, it states that: Over the 20-year business
14 case time horizon, the combined benefits from
15 demand response are estimated at 406 million
16 dollars.

17 A. Yes.

18 Q. Do you see that?

19 A. Yes, sir.

20 Q. Is that dollar figure directly tied to
21 participation levels such that a 50 percent
22 reduction in participation levels would reduce

1 the DR -- the dollar value of the DR benefit to
2 204 million -- I'm sorry -- 203 million?

3 MR. WHITT: Your Honor, at this point
4 I'm going to object as being beyond the scope of
5 direct, although the witness does sponsor the
6 cost benefits study generally. I believe the
7 questioning is going to a specific subset of
8 benefits, i.e., the societal or customer
9 benefits that are the testimony of Dr. Faruqui.
10 And on that basis, we object.

11 MR. O'BRIEN: Mr. Abba is the sponsor of
12 the cost benefit analysis. And this was
13 prepared under his direction or control. And
14 for what it's worth, this is my last question on
15 this line.

16 JUDGE VON QUALEN: The objection is
17 overruled. To the extent Mr. Abba knows the
18 answers to the questions, he may give them.

19 THE WITNESS: Can you repeat the
20 question, please?

21 Q. (By Mr. O'Brien) Yes. The cost benefit
22 analysis states that over the 20-year business

1 case time horizon, the combined benefits from
2 demand response are estimated at 406 million
3 dollars. Is that dollar figure directly tied to
4 participation levels such that a 50 percent
5 reduction in participation levels would
6 correspondingly reduce the dollar value of the
7 DR benefit to 203 million?

8 A. As we've shown in our sensitivity
9 analysis in the business case, that is the
10 correct answer, yes.

11 Q. Finally, has Ameren made any projections
12 that assume a scenario where an AMI plan or
13 infrastructure is not approved?

14 MR. WHITT: Objection. Beyond the scope
15 of direct.

16 MR. O'BRIEN: I think it's a fair
17 question. There has been a lot of different
18 sensitivities that the Company has put into
19 place in order to reach their cost benefit
20 analysis, and certainly one of the potential
21 outcomes of these proceedings could be the
22 non-approval of an AMI plan.

1 JUDGE VON QUALEN: I will sustain the
2 objection.

3 MR. O'BRIEN: Thank you. That is all we
4 have.

5 CROSS-EXAMINATION

6 BY MS. MUNSCH:

7 Q. Good afternoon, Mr. Abba. My name is
8 Kristin Munsch. And I represent the Citizens
9 Utility Board.

10 A. Good afternoon.

11 Q. And I want to actually pick up in part
12 where Mr. O'Brien left off, which is
13 Exhibit 3.1, which is the cost benefit analysis.

14 And I apologize if this is a little bit
15 redundant. But I will try not to cover the same
16 ground.

17 I wanted to, I think, clarify that at
18 this time, Ameren's not intending to offer any
19 dynamic pricing program aside from the peak time
20 power rebate and Power Smart Pricing program
21 that are already offered by the Company; is that
22 correct?

1 A. That is correct.

2 Q. At this point the Company doesn't
3 anticipate offering any dynamic pricing program
4 aside from those two within at least the first,
5 say, three years after this plan; is that
6 correct?

7 A. That is the plan now, yes.

8 Q. In Exhibit 3.1 there's a subsection, and
9 it is Exhibit -- it's section 3.6. I did not
10 put the page numbers on, but I guess probably
11 around page 25 maybe. It's entitled Demand
12 Response and Energy Efficiency Program Costs.

13 A. Yes.

14 Q. And the cost benefit analysis included
15 in this section, demand response costs of 3
16 million dollars over 20 years; is that correct?

17 A. Yes.

18 Q. And the reason -- or the basis for these
19 costs is the assumption that customers will have
20 the choice to opt into a peak-time rebate,
21 critical peak pricing rate, direct load control
22 program or time-of-use program as the AMI's

1 limitations proceeds; is that correct?

2 A. Those are the incremental costs from
3 Dr. Faruqui's analysis of the enabling
4 technology.

5 Q. Thank you.

6 If you could turn to your rebuttal
7 testimony at page 10, lines 198, 199.

8 A. Okay.

9 Q. This is a discussion on your opinion as
10 to why the timing isn't right for Ameren to
11 offer additional dynamic pricing programs beyond
12 the existing, we'll call them, PTR and PSP
13 proposals; is that correct?

14 A. That's correct.

15 Q. And you say the timing -- when you say
16 the timing is not right for these additional
17 dynamic pricing programs, such as, you're
18 referring to a critical peak pricing program and
19 direct load control program, is that correct, in
20 this section for this question and answer?

21 A. For this answer, yes.

22 Q. And is it the basis of your -- let me

1 rephrase that. Sorry.

2 The timing is not right because in part
3 the ability to offer these programs depends on
4 the functionality of an AMI system; is that
5 correct?

6 A. For the discussion that Mr. Jones
7 already held, yes, that is correct.

8 Q. You anticipated my next question. You
9 were in the room, I believe, when Mr. Jones
10 testified?

11 A. Yes.

12 Q. And Mr. Jones, I think, gave an answer
13 regarding what he considered to be the
14 functionality necessary to support a dynamic
15 pricing program. And I wanted to just confirm
16 that you agree with that.

17 If I'm correct, two key functions would
18 be the ability to record interval usage data;
19 would you consider that to be necessary to
20 support a --

21 A. Yes.

22 Q. And two-way communication? Two-way

1 being, in my question, referring to between the
2 utility and the meter, and the meter and the
3 customer?

4 A. The two-way communication between the
5 meter and the utility so we can gather the data
6 from the meter in realtime.

7 Q. When you refer in this question and
8 answer to line 198, 199, the power supply market
9 today, are you referring to the retail market,
10 the retail power supply market?

11 A. Retail supply market, yes.

12 Q. And so you are referring then to changes
13 in the number of customers that are taking
14 supply from Ameren Illinois?

15 A. I'm referring to the changes that
16 Mr. Jones alluded to further in his testimony,
17 yes.

18 Q. And one clarification on this question
19 and answer. When you say by products, and I
20 think it's at line 205, AIC's product -- or I
21 think it's actually above that line, 203 dynamic
22 pricing product, you're referring to -- my

1 assumption was you were referring to technology
2 enabling a direct load control program, not a
3 dynamic pricing program; is that correct?

4 A. I'm referring to both, actually.

5 Q. To both. Okay.

6 A. To all. It could be pricing programs,
7 other type of programs that are not directly
8 related to the prices but demand response and
9 such that may develop.

10 Q. So AIC products could be an AIC offer to
11 critical peak pricing?

12 A. Yes.

13 Q. On page 21 of your rebuttal on that,
14 Exhibit 8.08 on the hearing, I believe it's
15 lines 447, 448.

16 A. Okay.

17 Q. You state that: Since Illinois has a
18 deregulated electric supply market, it is more
19 appropriate for the market rather than the
20 Commission to first determine what rate programs
21 and services are offered by which suppliers.

22 Is that correct?

1 A. That's what I say, yes.

2 Q. Do you know how Ameren would recognize
3 if a market has developed?

4 A. No, I do not personally. But I think
5 Mr. Jones talked about it in his testimony as
6 well that there would need to be an effort of
7 all parties to determine -- and I think he
8 mentioned the office of -- here at the ICC to
9 help determine if that market is developed or
10 not.

11 Q. If the market were to develop, would
12 Ameren offer additional dynamic pricing
13 programs, to the extent that I'm not asking you
14 as an attorney? I'm not asking you as an
15 attorney. I'm asking you as a...

16 A. I would defer back to Mr. Jones'
17 testimony where he mentioned what we would be
18 intending to do at the result of a 2016 workshop
19 process.

20 Q. On page 25 of that same exhibit, line
21 533, you state that: The point of this
22 prehearing proceeding is not for the Commission

1 to decide what deployment scenario that Ameren
2 Illinois should use, but rather the point of the
3 proceeding is to -- is to determine whether the
4 deployment scene AIC has proposed is cost
5 beneficial.

6 Is that correct?

7 A. Yes.

8 Q. By "deployment scenario" in both of
9 those sentences, are you referring to the base
10 case that you refer to in your cost benefit
11 analysis?

12 A. Yes, I'm referring to the deployment
13 scenario that's outlined in the AMI plan.

14 Q. And that is the base case that includes
15 operational benefits that we've already
16 discussed earlier as well as --

17 A. The base you're referring to is cost
18 benefit analysis. The deployment scenario is
19 separate from the cost benefit analysis. We
20 only proposed one deployment scenario.

21 Q. Have you proposed more than one base
22 case?

1 A. No, we have not proposed more than one
2 base case.

3 Q. And both the base case and deployment
4 scenario include benefits derived from dynamic
5 pricing programs; is that correct?

6 A. That is correct.

7 Q. One moment please.

8 On page 21, so going back a bit, line
9 456 -- 455, sorry, you state: It is very
10 reasonable to project the market will develop
11 sufficiently to fill this remaining percentage.

12 And to be clear, by "percentage" there,
13 I think you are referring to additional dynamic
14 pricing program customer participation of 6
15 percent; is that correct?

16 A. I believe specifically, it's referring
17 to the additional 6 percent in CPP, DLC, non-PTR
18 and non-PSP that will be included in the benefit
19 analysis.

20 Q. And it's reasonable to assume that
21 because the functionality of the meter will be
22 in place to support those programs?

1 A. In my mind, the functionality will be
2 there. We will have education/information
3 programs. We will have outreach. As we talked
4 about, we will have the recommended --

5 (Whereupon the Reporter asks for
6 clarification.)

7 THE WITNESS: -- the recommended 2016
8 workshop process with the areas and such as
9 Mr. Jones spoke of. There will be things in
10 place to help us reasonably assume the market
11 will develop.

12 Q. (By Ms. Munsch) And again, with respect
13 to Mr. Jones, would you agree with that -- I
14 believe he testified earlier today, that he
15 agreed that customers are interested in saving
16 money on their energy bills. Would you agree
17 with that?

18 A. I would agree with that, yes.

19 Q. And in the customer education cost that
20 you include in your cost benefit analysis, I
21 think you have education specifically on dynamic
22 pricing programs; is that correct?

1 A. Yes, we do.

2 Q. And those education efforts could then
3 presumably include education efforts on how to
4 manage their energy usage in order to reduce
5 their overall energy bills; is that correct?

6 A. Yes, could be anything.

7 Q. On page 19 of your rebuttal testimony at
8 lines 417 to 418, you discuss a -- this page is
9 discussing a voltage optimization program that
10 was discussed in Ameren's last three-year energy
11 efficiency portfolio standard plan docket, ICC
12 Docket 100568. And on those lines in
13 particular, you make reference to a pilot
14 program and a final report; is that correct?

15 A. Yes.

16 Q. And the voltage optimization program is
17 a type of what Mr. Thomas -- CUB/ELPC witness,
18 Thomas referred to as a bolt bar (phonetic)
19 management program, without getting too
20 technical, would that be correct?

21 A. Yes, you could classify it as that.

22 Q. Does Ameren anticipate sharing the final

1 report on the pilot with stakeholders besides
2 staff?

3 A. We would do that, yes.

4 (Whereupon CUB/ELPC Cross Exhibit 2 was
5 marked for identification.)

6 Q. And I would like to show you now what
7 can be marked as CUB/ELPC Cross Exhibit 2 for
8 identification.

9 MS. MUNSCH: May I approach?

10 JUDGE VON QUALEN: Yes.

11 Q. (By Ms. Munsch) Now, this is a response
12 to a CUB data request. It's numbered 4.30. Was
13 this prepared by you?

14 A. Yes.

15 Q. And I have a question on your answer, so
16 if I may sort of paraphrase this. This is a
17 discussion on Ameren's customer education and
18 outreach efforts for other stakeholders. And
19 there is a discussion that in part says that:
20 At this time Ameren Illinois has not yet
21 developed detailed plans in the area, but that
22 Ameren anticipates sharing -- discussing with

1 the Smart Grid Advisory Counsel and other
2 stake -- strike that. Let me rephrase. I'm
3 sorry. I'm trying to avoid reading the whole
4 thing in, but it might actually be easier to do
5 that.

6 The question asks: How does Ameren
7 intend to, quote, suggest rate options that
8 better match customer needs and energy usage?

9 And the answer, including some
10 objections as to -- not including the full quote
11 of the question, which you can read into the
12 record -- goes on to state that Ameren intends
13 to work with other individuals.

14 As the full answer says: This being
15 said, Ameren Illinois has not developed detailed
16 plans in this area at this time. However,
17 through the Smart Grid Advisory Counsel and
18 other stakeholder forums, Ameren Illinois plans
19 to discuss with stakeholders and staff ways to
20 analyze AMI provided customer integral data, to
21 provide targeted information and education to
22 customers on available beneficial rate options

1 as appropriate.

2 My question actually is pretty simple.
3 It's: With respect to the phrase "other
4 stakeholder forums," what did you mean? What
5 stakeholder -- I'll stop there. What did you
6 mean?

7 A. What comes to mind is the regular
8 meetings -- or the meetings we have that deal
9 with the PTR program where we invite in
10 stakeholder groups and ask for their input into
11 how would we approach something like this.

12 I think the process as Mr. Jones alluded
13 to is a similar situation.

14 MS. MUNSCH: That's all the questions I
15 have.

16 JUDGE VON QUALEN: Did you intend to
17 move CUB/ELPC Cross 2?

18 MS. MUNSCH: I did not. That was only
19 for the purposes of asking that line of
20 questioning. If you would like us to, I
21 certainly can. We have no objection to moving
22 the entire response in.

1 MR. WHITT: Yeah, I think it would be
2 helpful on Cross Exhibit 2 because we were kind
3 of jumping around.

4 MS. MUNSCH: In that case, I move for
5 the admission of CUB/ELPC Cross Exhibit 2.

6 JUDGE VON QUALEN: I assume the Company
7 does not object?

8 MR. WHITT: We insist that it is.

9 JUDGE VON QUALEN: Very well. CUB and
10 ELPC Cross Exhibit 2 is admitted into evidence.

11 (Whereupon CUB/ELPC Exhibit 2
12 was admitted into evidence at
13 this time.)

14 MS. MUNSCH: Thank you.

15 JUDGE VON QUALEN: Mr. Giordano, did you
16 have some cross?

17 MR. GIORDANO: Yes. Thank you.

18 CROSS-EXAMINATION

19 BY MR. GIORDANO:

20 Q. Good afternoon, Mr. Abba.

21 A. Good afternoon.

22 Q. All my questions will relate to your

1 rebuttal testimony, Exhibit 8.0 RH. I would
2 like to refer you first to page 8, lines 155 to
3 157 where you testify that: Although I am not a
4 lawyer, the actions Comverge recommends appear
5 beyond the scope of this rehearing and beyond
6 the scope of the Commission's review of a
7 utilities AMI plan.

8 Isn't that correct? Did you testify to
9 that?

10 A. Yes.

11 Q. Now, isn't it true that one of
12 Mr. Lacey's recommendations on behalf of
13 Comverge is that the Commission require Ameren
14 to include in its filing for its
15 statutorily-required peak-time rebate tariff a
16 cost benefit analysis of the provision of
17 enabling direct load control technology to -- to
18 participants?

19 A. Yes, I believe that is one of these
20 recommendations.

21 Q. Now, isn't it also true that the
22 Commission required Common Wealth Edison in the

1 Commission's order approving ComEd's AMI plan to
2 include such a cost benefit analysis of the
3 provision of enabling direct load control
4 technology with their PTR tariff?

5 A. That is my understanding, yes.

6 Q. So is it your opinion that the
7 Commission exceeded its authority by requiring
8 such a cost benefit analysis by ComEd, because
9 according to your opinion, this action was
10 beyond the scope of the Commission's review of a
11 utilities AMI plan?

12 MR. WHITT: I'll object to the question
13 as that is expressly calling for a legal
14 conclusion.

15 MR. GIORDANO: I don't know how Ameren
16 wants to have it both ways. They put in
17 these -- this testimony where Mr. Abba says that
18 the actions ComEd recommends appear beyond the
19 scope of this rehearing and beyond the scope of
20 this Commission's review of the utilities AMI
21 plan.

22 If you wanted to argue these points

1 legally, you should have just argued them
2 legally. They put this in, and then they object
3 when we ask a question about Mr. Abba's opinion.
4 I mean, he didn't need to express these
5 opinions. I think they would have been maybe
6 initially more appropriate coming from lawyers.
7 But he's taken this position and the question is
8 clearly appropriate.

9 MR. WHITT: The question is specifically
10 limited to the scope of rehearing in this
11 proceeding. The Commission's May 29 order and
12 the subsequent activity identified a narrow
13 scope of issues. That's all the witness is
14 talking about. He's not addressing the
15 Commission's authority generally about what the
16 Commission can do in any other case.

17 MR. GIORDANO: He specifically states --

18 JUDGE VON QUALEN: I've heard enough
19 argument.

20 Mr. Abba, if you have an opinion as to
21 whether the Commission exceeded its authority in
22 the ComEd case, you may answer the question.

1 THE WITNESS: I have no knowledge or
2 opinion on that.

3 MR. GIORDANO: Sorry. I didn't hear
4 that response. What was it?

5 THE WITNESS: I have no opinion on your
6 question, sir.

7 MR. GIORDANO: Okay. Thank you.

8 Q. (By Mr. Giordano) So let's go to your
9 testimony on page 8, lines 158 to 159 where you
10 testified that the projected demand response
11 benefits of CPP and DLC, direct load control,
12 are not dependent on Ameren being the entity who
13 offers the CPP and direct load control program;
14 that's your testimony, right?

15 A. I don't believe so. Can you repeat the
16 question?

17 Q. You testified there that the projected
18 non -- demand response benefits are dependent in
19 part -- the whole statement on incremental
20 participation in Ameren's power spark pricing
21 program and the PTR program that Ameren will
22 offer, but they are not dependent on Ameren

1 being the entity you offer CPP and direct load
2 control programs; is that correct?

3 A. That is what I state, yes.

4 Q. So you've included demand response
5 benefits of CPP and DLC in your AMI plan based
6 on speculation that other entities might offer
7 these programs rather than on a firm offer of
8 these programs by Ameren; is that correct?

9 A. The analysis assumes -- projects that
10 somebody will supply these benefits, yes.

11 Q. So there's no firm offer by Ameren to
12 provide those programs, correct?

13 A. As stated by Mr. Jones and myself, no.
14 No, we are not at this point planning to offer
15 those programs.

16 Q. Let's be clear on that point. You're
17 not planning to offer those programs or you
18 haven't made a decision on whether to offer
19 those programs?

20 A. As I stated earlier to Ms. Munsch's
21 questions, we are not planning at this point to
22 offer those programs. We would consider

1 offering them under the testimony -- or under
2 the circumstances that Mr. Jones has outlined.

3 Q. So you also testified on page 9, lines
4 169 to 170, that you don't think it's necessary
5 to consider what actions might ensure that a
6 certain category of benefits will materialize,
7 correct?

8 A. I believe I'm referring to the point of
9 this proceeding.

10 Q. Right.

11 So that's really your testimony, that
12 you don't think that the Commission should
13 consider what actions might ensure that a
14 certain category of benefits will materialize;
15 that's what you believe?

16 MR. WHITT: I will object. It's
17 argumentative.

18 MR. GIORDANO: I don't think it's
19 argumentative. I'm just asking him -- he may
20 want to -- you know, I want to make sure that he
21 agrees with that statement that he's --

22 JUDGE VON QUALEN: I will sustain the

1 objection. You may rephrase the question.

2 MR. GIORDANO: All right.

3 Q. (By Mr. Giordano) You believe that the
4 Commission should not consider in this
5 proceeding what actions might ensure that a
6 certain category of benefits will materialize,
7 correct?

8 A. Can you repeat the question, please?

9 Q. It's your position that the Commission
10 should not consider what actions might ensure
11 that a certain benefits -- category of benefits
12 will materialize in this proceeding?

13 A. It is my position that the Commission
14 should consider, if the plan is laid out, if
15 it's cost beneficial.

16 Q. So you don't believe the Commission
17 should consider what actions might ensure that a
18 certain category of benefits will materialize,
19 correct? It calls for a yes or a no.

20 A. No.

21 Q. You testify on page 10, lines 205 to
22 206, that flooding the market with Ameren

1 product before the first meter -- AMI meter is
2 even installed isn't good for competition or the
3 consumer, correct?

4 A. That's what it says, yes, sir.

5 Q. Now, you're aware, aren't you, that
6 Mr. Lacey's recommendations on behalf of
7 Comverge are only applicable to customers after
8 their AMI meter is installed, correct?

9 A. I don't understand your question.

10 Q. Do you understand that Mr. Lacey's
11 recommendations related to demand response
12 programs would -- would -- those programs would
13 be applicable only after a customer's AMI meter
14 is installed?

15 A. The way I read his recommendations is,
16 we need to file a proposed tariff after the AMI
17 plan is approved. It doesn't have anything to
18 do with timing or after meters are installed or
19 anything else. So I would say, no, I don't
20 understand that to be the case.

21 Q. So if that was the case that a customer
22 would not have the demand response program or

1 peak time rebate, critical peak pricing, direct
2 load control until after their AMI meter was
3 installed, that would alleviate your concern
4 that the market would be flooded with Ameren
5 product before the first meter is even
6 installed, correct?

7 A. If we wait until after the
8 functionality -- I think it's in line with what
9 Mr. Jones has already proposed -- we do analysis
10 after the functionality is in place of the
11 market, do a process with other areas and other
12 stakeholders to determine what steps should be
13 taken at that period of time; I think if that's
14 what you're saying, then, yes, I would agree
15 with that proposition.

16 Q. But we don't need to wait, Mr. Abba, do
17 we, to make those decisions just because there's
18 going to take some time to put in these AMI
19 meters, correct?

20 A. As I stated in my testimony, I think
21 it's premature to take action at this point in
22 time.

1 Q. Now, the demand response programs,
2 including direct load control, PTR and CPP, are
3 part of the cost benefit analysis put forward by
4 Ameren in this case, correct?

5 A. That is correct.

6 Q. This cost benefit analysis says that
7 Ameren and its customers will start to receive
8 benefits from these demand response programs on
9 specific dates, correct?

10 A. Yes.

11 Q. And you're using these projected
12 benefits in your cost of benefit analysis to
13 attempt to convince the Commission to approve
14 your plan on the basis that it's cost
15 beneficial, correct?

16 A. Yes.

17 Q. But you're reserving the right not to
18 implement these programs, correct?

19 MR. WHITT: I will object. It
20 mischaracterizes the witness's testimony.

21 Q. (By Mr. Giordano) Well, I can ask it
22 this way: Is it your position that Ameren is

1 reserving the right not to implement these
2 programs?

3 A. My position is that other entities
4 may or will be providing these programs, and
5 Ameren Illinois may not be providing these
6 programs.

7 Q. But it's true, is it not, that Ameren,
8 subject to the approval of the Commission, has
9 control over whether you offer these programs,
10 but you have no control over whether competitive
11 suppliers offer these programs, correct?

12 A. If you're asking me if the ICC has
13 control over competitive suppliers, then I would
14 believe they do not, no. But they do have
15 control to order Ameren Illinois to offer any
16 type of rate structure that they so choose.
17 That's my understanding, at least.

18 Q. And Ameren also has no control over
19 whether or not these competitive suppliers offer
20 these programs, correct?

21 A. No. That's the nature of the
22 competitive supply market, yes.

1 Q. There's just one last thing I don't
2 really understand. You're essentially saying
3 that the workshops should conclude in 2016
4 related to the decisions on these demand
5 response programs, correct?

6 A. I think Mr. Jones's recommendation was
7 to hold these workshops in 2016.

8 Q. But wouldn't the system be -- even under
9 the Ameren plan, the system would be functional
10 for many customers in 2016, correct?

11 A. As Mr. Jones said, the functionality
12 would be available late '15, early '16. But the
13 market for demand response product and peak time
14 summer won't occur until the center -- or till
15 mid 2016. So it would be 2016 when we would be
16 able to offer these type of products to our
17 customers and our third parties would have the
18 technology in place to do the same.

19 Q. But even assuming that, wouldn't holding
20 those workshops in 2016 be too late to get, you
21 know, agreement, if there was agreement and then
22 get Commission filings in order to offer those

1 products in 2016?

2 A. I think if they're held in early '16,
3 no, I don't think it would be too late.

4 Q. Do you think it could go through a whole
5 process, and then might reach a conclusion, and
6 then make a filing and offer those products for
7 the 2016 market? That's your position?

8 A. Yes.

9 MR. GIORDANO: Okay. Thank you. I have
10 nothing further.

11 JUDGE VON QUALEN: Does the Company want
12 some time with the witness?

13 MR. WHITT: Could we have a brief
14 recess?

15 JUDGE VON QUALEN: Take a ten-minute
16 break.

17 (Whereupon a short recess was taken.)

18 JUDGE VON QUALEN: Does the Company have
19 any redirect?

20 MR. WHITT: We do, Your Honor.

21 EXAMINATION

22 BY MR WHITT:

1 Q. Mr. Abba, is it Ameren Illinois'
2 position that the Company will never offer the
3 demand response program for tariffs that you
4 discussed with Mr. Giordano?

5 A. No, it is not.

6 Q. What is the company's position on that?

7 A. As stated by Mr. Jones's testimony, our
8 position is we need to give the market and the
9 technology time to catch up. If at some point
10 in 2016 or beyond, if the market does not
11 develop as we and others feel it should, then we
12 are willing at that point in time to offer
13 whatever, demand response, other rate options or
14 technology options that may help aid our
15 customers in managing energy.

16 Q. And if the Commission were to do what
17 Comverge recommends, which is let the Company
18 immediately file tariffs offering the various
19 programs you discussed with Mr. Giordano, would
20 the immediate implementation of those programs
21 change or accelerate the schedule in which the
22 Company intends to have full functionality of

1 its AMI system and therefore offer full
2 benefits?

3 A. Offering any other type of program like
4 that would not accelerate our implementation
5 schedule nor deliver the benefits any sooner
6 than 2016.

7 MR. WHITT: I have nothing further.

8 JUDGE VON QUALEN: Is there any
9 additional cross-examination?

10 MR. GIORDANO: No.

11 JUDGE VON QUALEN: Are there any
12 objections to Ameren Exhibit 3.0 RH, Ameren
13 Exhibits 3.1 through 3.2 RH revised, or Ameren
14 Exhibit 8.0 RH, and Ameren Exhibits 8.1 through
15 8.2 RH? Then those exhibits are admitted into
16 evidence.

17 (Whereupon Ameren Exhibits
18 3.0 RH, 3.1 RH, 3.2 RH,
19 8.0 RH, 8.1 RH and 8.2 RH
20 were admitted into evidence
21 at this time.)

22 Thank you, Mr. Abba.

1 THE WITNESS: Thank you.

2 JUDGE YODER: Dr. Brightwell, I believe
3 you're the next witness. For the record, were
4 you previously sworn?

5 MR. BRIGHTWELL: No, Your Honor.

6 (Whereupon the Witness, DAVID
7 BRIGHTWELL, was sworn by Judge Yoder.)

8 JUDGE YODER: Mr. Sagone, are you
9 handling Mr. Brightwell?

10 MR. SAGONE: Thank you, Your Honor.

11 EXAMINATION

12 BY MR. SAGONE:

13 Q. Good afternoon, Dr. Brightwell.

14 A. Good afternoon.

15 Q. Can you hear me okay?

16 A. Yes, I can. Can you hear me okay?

17 Q. I sure can.

18 Could you please state your name,
19 spelling your last name for the record?

20 A. David Brightwell, B-R-I-G-H-T-W-E-L-L.

21 Q. By whom are you employed and in what
22 capacity?

1 A. I'm an economic analyst with the
2 Illinois Commerce Commission.

3 Q. Dr. Brightwell, do you have in front of
4 you what has been previously filed on e-docket
5 as ICC Staff Exhibit 5.0, your direct testimony
6 on rehearing of David Brightwell, Ph.D., dated
7 August 24, 2012, which consists of a cover page,
8 nine pages of narrative text and attachment A?

9 A. Yes, I do.

10 Q. Was ITC Staff Exhibit 5.0 prepared by
11 you or under your direction, supervision and/or
12 control?

13 A. Yes.

14 Q. Do you have any additions, deletions or
15 modifications to make to ICC Staff Exhibit 5.0?

16 A. No.

17 Q. If I were to ask you the same series of
18 questions set forth in ICC Staff Exhibit 5.0,
19 would your answers be the same?

20 A. Yes.

21 MR. SAGONE: Your Honors, at this time,
22 Staff would move to admit into evidence the

1 testimony on rehearing Dr. David Brightwell, ICC
2 Staff Exhibit 5.0 and its previously-described
3 attachment, and tender Dr. Brightwell for
4 cross-examination.

5 JUDGE YODER: All right. Thank you. It
6 looks like Ameren and the Attorney General have
7 reserved --

8 MR. FITZHENRY: Refer to the AG first,
9 please.

10 JUDGE YODER: Very well. Mr. O'Brien,
11 you may.

12 EXAMINATION

13 BY MR. O'BRIEN:

14 Q. Good afternoon, Dr. Brightwell.

15 A. Good afternoon.

16 Q. My name is Tim O'Brien and I represent
17 the People of the State of Illinois.

18 First, is it correct that your
19 sensitivity analysis did not change any of the
20 assumptions associated with Ameren's assumed
21 operational savings associated with its AMI
22 investment plan as reported in their cost

1 benefit analysis?

2 A. That's correct.

3 Q. Is it also correct that you did not
4 perform your own analysis of the voracity of the
5 operation savings assumptions associated with
6 AMI?

7 A. That is correct.

8 Q. Is it also correct that your sensitivity
9 analysis did not change any assumptions
10 associated with the AMI plan cost assumptions in
11 the cost benefit analysis?

12 A. I altered the discount rate on some of
13 it to the extent that that would affect the
14 present value of cost development and the cost
15 of the -- cost assumptions within the program.
16 But as far as any particular category saying
17 that it should have been X dollars, instead it
18 was Y, I didn't do anything like that.

19 Q. So beyond discount rate, you did not
20 change any of the assumptions?

21 A. That's correct.

22 Q. And is it also correct that you did not

1 perform your own independent analysis of the
2 voracity of the AMI plan cost assumptions in the
3 cost --

4 MR. FITZHENRY: Your Honor, I'm going to
5 object to this continuing line of questioning.
6 We can be here all day asking Dr. Brightwell
7 what he didn't do.

8 I point Your Honors to Dr. Brightwell's
9 testimonies at page 3 and 4. Here is what he
10 did. He eliminated all the benefits associated
11 with energy efficiency. He eliminated all the
12 benefits regarding electric vehicle enhancement
13 and carbon reductions. And he reduced the
14 benefits associated with demand and response by
15 50 percent.

16 Those are the things Dr. Brightwell has
17 done. Those are the things that he should be
18 tested on or asked questions about, not all the
19 things that he hasn't done.

20 MR. O'BRIEN: For what it's worth,
21 Mr. Fitzhenry, this is the last question in that
22 line of questioning.

1 MR. FITZHENRY: Still object.

2 JUDGE YODER: I will sustain the
3 objection.

4 MR. FITZHENRY: Thank you.

5 Q. (By Mr. O'Brien) Dr. Brightwell, in any
6 of the scenarios you reviewed, were the costs
7 associated with the door knock assumed?

8 MR. FITZHENRY: I object, Your Honor, as
9 being beyond the scope of the witness's
10 testimony. As I made clear in my prior response
11 to an objection, Dr. Brightwell's testimony is
12 merely focused on four different assumptions
13 that he took into account in running his
14 sensitivity analysis.

15 There's nothing about his testimony that
16 goes to a remote disconnect cost or anything of
17 that sort. It's beyond his testimony. It's not
18 fair for the attorney general to now attempt to
19 introduce additional evidence which is
20 prejudicial to the Company who has the burden of
21 proof.

22 MR. O'BRIEN: We're not trying to do

1 anything underhanded or otherwise here. We are
2 just trying to fully understand what assumptions
3 Dr. Brightwell put into his analysis.

4 MR. FITZHENRY: Well, again, I repeat,
5 there is nothing in his testimony concerning
6 remote disconnect. And I believe the question
7 is improper for the reasons stated.

8 JUDGE YODER: I see where we're going.
9 But I will overrule the objection. I hope we
10 are not going to ask him everything he didn't
11 do, as Mr. Fitzhenry noted.

12 But if you can answer that question.

13 THE WITNESS: Could I have the question
14 read back to me?

15 Q. (By Mr. O'Brien) Dr. Brightwell, in any
16 of the scenarios you reviewed, were the costs
17 associated with the door knock assumed?

18 A. I made no changes to the door knock
19 assumptions.

20 Q. I would like to just direct you to your
21 testimony at line 61, if I could.

22 A. Okay.

1 Q. And you indicate at line 61 that you ran
2 a sensitivity analysis that assumes a 50 percent
3 reduction in DR benefits; is that correct?

4 A. Yes.

5 Q. Should we also assume then that under
6 that scenario, participation levels in DR
7 programs, as assumed by Ameren, would be cut by
8 50 percent?

9 A. What I did was reduce the annual
10 benefits by half of what were stated in there.
11 Whether that would be 50 percent total or not
12 is -- I can't say for sure now.

13 Q. Would it be fair to say that there would
14 be a direct correlation between participation
15 levels and dollar savings?

16 A. I believe there would, but I can't say
17 that it's a linear relationship.

18 Q. Fair enough.

19 Are you familiar with Ameren's Power
20 Smart Pricing program?

21 MR. FITZHENRY: Objection. Beyond the
22 scope of the witness's testimony.

1 MR. O'BRIEN: Well, Dr. Brightwell did
2 testify as to demand response program. I think
3 there's a correlation between third-party
4 programs and demand response programs as well as
5 the existing Power Smart Pricing program.

6 MR. FITZHENRY: Nowhere in
7 Dr. Brightwell's testimony does he talk about
8 third-party programs. Dr. Brightwell's
9 testimony specifically addresses certain
10 assumptions that were utilized by the Company's
11 expert witness.

12 Dr. Brightwell has clearly stated the
13 matters that he took into account at the bottom
14 of page 3 and top of page 4.

15 This is not and should not be a fishing
16 expedition for other additional evidence that
17 the attorney general wishes to introduce into
18 the docket. It's unfair and continues to be
19 prejudicial to the Company.

20 JUDGE YODER: Anything further,
21 Mr. O'Brien?

22 If you want to point Dr. Brightwell to a

1 specific part of his testimony where he
2 addresses that; but otherwise, the objection is
3 sustained.

4 MR. O'BRIEN: If I could have just a
5 moment to find something?

6 JUDGE YODER: Sure.

7 MR. O'BRIEN: Your Honor, I will
8 withdraw the last question. And if I may just
9 have a brief moment. I just want to review
10 something with Company counsel.

11 JUDGE YODER: Fine. Fair enough. Off
12 the record for a moment.

13 (Whereupon at this point in the
14 proceedings an off-the-record discussion
15 transpired.)

16 Q. (By Mr. O'Brien) Dr. Brightwell, are
17 you familiar with time-of-use or TOU programs?

18 MR. FITZHENRY: Objection, Your Honor.
19 Beyond the scope of the witness's testimony for
20 all reasons previously discussed.

21 There is not one reference whatsoever to
22 Dr. Brightwell's testimony to any kind of

1 tariff, time-of-use rate or anything of that
2 kind.

3 MR. O'BRIEN: Where I want this line of
4 questioning to head, I can -- Dr. Brightwell
5 discussed opt-in and opt-out program types and
6 their significance on page 6.

7 JUDGE YODER: Why won't we start there.
8 I will sustain the objection if you want to
9 start with his testimony on page 6. And we can
10 go from there.

11 MR. O'BRIEN: Okay.

12 Q. (By Mr. O'Brien) Dr. Brightwell, if I
13 could direct you to line 125 of your testimony.

14 A. Okay.

15 Q. In lines 125 through 131, you are
16 discussing the difference between opt-in and
17 opt-out program types?

18 A. That's correct.

19 Q. Is that correct?

20 A. Yes.

21 Q. And is this -- strike that.

22 Just immediately above the question that

1 started at 123, on line 113, it states: Are
2 there any other questionable assumptions?

3 Correct?

4 A. Yes.

5 Q. Do you view any of the assumptions that
6 Dr. Faruqui makes regarding the opt-in and
7 opt-out programs to be one of those questionable
8 assumptions?

9 A. My thought on this was that I would have
10 to look through the DR responses that I gave for
11 a second if you want me to answer that. So if
12 you can bear with me.

13 This question had to do with
14 Dr. Faruqui's response to Staff ERDAB 3.02, part
15 1, where I ask for each program to which
16 Dr. Faruqui refers how are annual benefits and
17 cost reduction are determined. This is also
18 attachment A of Staff Exhibit 5.0.

19 On page -- I want to say that it's 4 of
20 7 on attachment A, the top paragraph starts
21 with -- reads: The assumptions regarding the
22 professor (phonetic) impacts of each program for

1 residential and small and commercial customers
2 are shown in Ameren Exhibit 5.4 RH.

3 These CPP and PTR assumptions are based
4 on Brattle's market price response in this
5 database. Summarizes the relationships between
6 demand response and the peak to off-peak price
7 ratio as observed in more than a hundred pilot
8 programs.

9 I don't have specific knowledge of the
10 results of any market price response in this
11 database. But in general, my opinion is that a
12 lot of the studies that have been done is that
13 they're non-random in a sense that they'll
14 choose customers randomly that can be given out
15 mailers and information and try to be recruited
16 into these programs.

17 But once that's done, nobody is being
18 compelled to be on a particular rate. It's
19 voluntary whether they enter the rate or not.

20 So you expect to have potential sample
21 selection bias, which is that people that
22 benefit go on the rates. People that won't

1 benefit won't go on the rates. And that there's
2 the potential that customers that have
3 advantageous load that can benefit by doing
4 nothing at all will take these rates. And
5 because of it, the benefits may be overstated as
6 a result of that type of bias.

7 Q. Thank you very much.

8 I would like to direct you now to line
9 70 through 72 of your testimony.

10 A. I heard 72 through 72.

11 Q. I'm sorry. Seventy. Seven zero through
12 72.

13 A. Okay.

14 Q. Here it states the primary reason is
15 that Dr. Faruqui is attempting to determine the
16 incremental benefits from a future that includes
17 deployment of AMI meters versus an alternative
18 future that includes maintaining the current
19 metering technology.

20 Is that correct?

21 A. That's correct.

22 Q. And were you in the room when Mr. Jones

1 testified?

2 A. No, I wasn't.

3 Q. Did you have a chance to review his
4 testimony for this?

5 A. No, I haven't read it.

6 Q. Then I will not proceed to ask that
7 question.

8 MR. FITZHENRY: I don't object.

9 MR. O'BRIEN: For once.

10 Q. (By Mr. O'Brien) Dr. Brightwell, what
11 type of programs are you aware of, if any, that
12 would not require an infrastructure improvement
13 beyond what's in the current metering
14 technology?

15 MR. FITZHENRY: Objection. This is
16 clearly beyond Dr. Brightwell's testimony.
17 Counsel can't even point to a single line in his
18 testimony where even a vague reference to what
19 he just asked is mentioned.

20 MR. O'BRIEN: Well, I was just reading
21 the words "current metering technology" on line
22 72 where Dr. Brightwell's noting that some of

1 the benefits that Dr. Faruqui assigned were
2 speculative and questionable. And I'm just
3 trying to find out what it is that
4 Dr. Brightwell finds questionable and
5 speculative.

6 MR. FITZHENRY: Dr. Brightwell states in
7 his testimony -- which was not your question --
8 that he takes issue with an analysis that takes
9 into account the deployment of AMI meters versus
10 a scenario or analysis where they're not
11 deployed. That's what he said in his testimony.
12 It had nothing to do with your question,
13 Counsel.

14 JUDGE YODER: I will sustain the
15 objection to the question as it was phrased.

16 MR. SAGONE: Sorry. I couldn't hear
17 that.

18 JUDGE YODER: Sustain the objection to
19 the question as it was phrased.

20 MR. O'BRIEN: I will move on to a
21 different topic.

22 Q. (By Mr. O'Brien) I would like to direct

1 you to line 140 of your testimony. Starting on
2 line 139, you state: As a result, it is
3 difficult to infer beyond the sample of
4 participants to predict the outcomes of lone
5 participants, correct?

6 A. That's what, line 139, 146?

7 MR. O'BRIEN: If I could have just one
8 quick moment. The People have no further
9 questions for Dr. Brightwell.

10 MR. FITZHENRY: The Company is finished
11 questioning Dr. Brightwell.

12 JUDGE YODER: Staff, do you have any
13 redirect for Dr. Brightwell or do you need a
14 moment?

15 MR. SAGONE: If we could have a moment
16 with the -- no, the Staff has no further.

17 JUDGE YODER: That was quick.

18 Any objection to the admission of Staff
19 Exhibit 5.0, the direct testimony on rehearing
20 of Dr. Brightwell with attachment A? Hearing no
21 objection, that will be admitted into evidence
22 in this docket.

1 We have Mr. Hornby. Why don't we take
2 about a five-minute, six-minute break.

3 (Whereupon Staff Exhibit 5.0
4 with Attachment A was admitted
5 into evidence at this time.)

6 (Whereupon a short recess was taken.)

7 JUDGE VON QUALEN: Mr. Hornby, were you
8 previously sworn?

9 MR. HORNBY: Yes, I was, Your Honor.

10 JUDGE VON QUALEN: You may proceed.

11 MR. O'BRIEN: Thank you, Your Honor.

12 DIRECT EXAMINATION

13 BY MR. O'BRIEN:

14 Q. Mr. Hornby, can you please state your
15 full name for the record?

16 A. Yes. It's James Richard Hornby,
17 H-O-R-N-B-Y.

18 Q. And by whom are you employed?

19 A. I'm a senior consultant at Synapse
20 Energy Economics. That's S-Y-N-A-P-S-E. And
21 that's in Cambridge, Massachusetts.

22 Q. And have you prepared documents for

1 submission in this case on behalf of the People
2 of the State of Illinois?

3 A. Yes, I have.

4 Q. And do you have before you a document
5 entitled Direct Testimony of J. Richard Hornby
6 on Behalf of the People of the State of Illinois
7 marked AG Exhibit 1.0?

8 A. Yes, I do.

9 Q. And does that document consist of
10 31 pages of written testimony?

11 A. Yes.

12 Q. And is there both a public and
13 confidential version of that document?

14 A. Yes.

15 Q. And in addition to Exhibit 1.0 are
16 attachments Exhibits 1.1, 1.2, 1.3, 1.4, 1.5,
17 1.6, 1.7, 1.8 and 1.9, with 1.3 being marked
18 "confidential"?

19 A. Yes.

20 Q. And in addition to that, there is a
21 revised version of both 1.6 and 1.7, correct?

22 A. No. There was a revised exhibit of 1.2

1 issued the day after filed, and a revised
2 version of 1.6. I think that was distributed a
3 week or so ago.

4 Q. You are correct.

5 So it was Exhibit 1.2 --

6 A. I'm sorry. It is 1.6 and 1.7, my
7 mistake.

8 JUDGE VON QUALEN: Mr. O'Brien, could
9 you give me the dates the revised ones were
10 filed?

11 MR. O'BRIEN: I don't have the exact
12 date, Your Honor. I know that these both should
13 have been filed on e-docket. And I will double
14 check on those dates, and I can let you know as
15 soon as possible.

16 JUDGE VON QUALEN: Thank you.

17 Q. (By Mr. O'Brien) And Mr. Hornby, were
18 all of these documents prepared under your
19 direction and control?

20 A. Yes, they were.

21 Q. And do you have any changes that you
22 would like to make to these documents?

1 A. Just two typos to correct. On page 3,
2 line 13, the word "projected" should be replaced
3 with the word "positive." And on page 22, at
4 line 7, the value "\$40.90" should be replaced
5 with \$40.50.

6 Q. And beyond that, are there any
7 additional changes?

8 A. No.

9 MR. O'BRIEN: Your Honor, for the
10 record, we will make sure that an errata is
11 filed on e-docket along with a revised version
12 of the Exhibit 1.0.

13 Q. (By Mr. O'Brien) So, Mr. Hornby, with
14 those changes, if I were to ask you the same
15 question today, would your answers be the same
16 as in Exhibit 1.0 and the attached exhibits?

17 A. Yes.

18 Q. And are your answers true and correct to
19 the best of your information and belief?

20 A. Yes.

21 MR. O'BRIEN: I would now like to move
22 for the admission of Exhibit 1.0 and the

1 attachments, Exhibits 1.1 through 1.9.

2 MR. FITZHENRY: No objection.

3 JUDGE VON QUALEN: All right. The AG
4 Exhibit 1.0, is it now going to be called 1.0
5 revised?

6 MR. O'BRIEN: We will call it 1.0
7 revised.

8 JUDGE VON QUALEN: And the attachment
9 1.6 and 1.7 will also be called revised?

10 MR. O'BRIEN: Correct.

11 JUDGE VON QUALEN: Does anyone else have
12 any objection to Mr. Hornby's testimony and
13 attachments? Hearing no objections, AG
14 Exhibit 1.0 revised with attachments 1.1, 1.2,
15 1.3, 1.4, 1.5, 1.6 revised, 1.7 revised, 1.8 and
16 1.9 are entered into evidence. It's noted that
17 1.3 is a confidential exhibit.

18 MR. O'BRIEN: Thank you, Your Honor.

19 JUDGE VON QUALEN: And I guess there is
20 no cross for Mr. Hornby. Thank you. You are
21 excused.

22 MR. HORNBY: Thank you, Your Honor.

1 JUDGE VON QUALEN: Mr. Lacey, were you
2 sworn in previously?

3 MR. LACEY: Yes, ma'am, I was.

4 EXAMINATION

5 BY MR. GIORDANO:

6 Q. Mr. Lacey, I show you documents marked
7 as Comverge Exhibit 1.0 --

8 MR. SAGONE: I'm sorry. We can't hear
9 you in Chicago.

10 MR. GIORDANO: Sorry.

11 Q. (By Mr. Giordano) I show you what's
12 been marked as Comverge Exhibit 1.0 RH, the
13 direct testimony of Frank Lacey on behalf of
14 Comverge, Inc., and two attachments, Comverge
15 Exhibit 1.1 RH and Comverge Exhibit 1.2 RH and
16 ask if this testimony was prepared by you or
17 under your supervision.

18 A. Yes, it was.

19 Q. If we were to ask you the same questions
20 today, would your answers be the same?

21 A. Yes, they would.

22 Q. Do you have --

1 MR. SAGONE: I'm sorry. I don't think
2 the witness's mic is on.

3 THE WITNESS: Sorry. Can you hear me
4 now?

5 MR. SAGONE: We can. Thank you.

6 THE WITNESS: Okay. Thanks.

7 Q. (By Mr. Giordano) Do you have any
8 corrections to the testimony?

9 A. I have one minor correction. On page 2,
10 line 13, the word "proposed" is in the past
11 tense. It should be in the present tense, no
12 "D" at the end. That's all.

13 MR. GIORDANO: With that, I move for the
14 admission of Comverge Exhibits 1.0 RH, 1.1 RH
15 and 1.2 RH and tender the witness for
16 cross-examination.

17 JUDGE VON QUALEN: All right. I will
18 reserve ruling.

19 Mr. Fitzhenry.

20 EXAMINATION

21 BY MR. FITZHENRY:

22 Q. Good afternoon, Mr. Lacey.

1 A. Good afternoon.

2 Q. It looks like they saved the best for
3 last. I'm talking about myself.

4 A. But you went early, too, didn't you?

5 Q. Yes.

6 Would you please turn to page 9 of your
7 testimony. And I'm looking at your testimony at
8 lines 10 through 12 where you state: Converge
9 recommends that the Commission follow the same
10 approach used in the ComEd AMI proceeding with
11 respect to the PTR and CPP tariff filings by
12 Ameren.

13 Do you read that?

14 A. Yes.

15 Q. Am I correct in understanding that in
16 the ComEd case -- first, you were a witness,
17 were you not?

18 A. I was, yes.

19 Q. In that case, the Commission ordered
20 ComEd to conduct a cost benefit analysis with
21 regard to its PTR tariff filing?

22 A. They did, yes.

1 Q. There was no mention, that I read in the
2 Commission's order, regarding a CPP tariff; is
3 that correct?

4 A. ComEd didn't include a CPP program in my
5 file, so they did not address that.

6 Q. Right.

7 Now, let me ask you to turn to page 4 of
8 your testimony, and line 23. Here again, you
9 recommend that the Commission should order
10 Ameren to provide a cost benefit analysis of
11 enabling direct load control technologies when
12 it follows its PTR tariff, correct?

13 A. Yes.

14 Q. Now, could you explain to the Commission
15 generally what you mean by enabling direct load
16 control technologies?

17 A. Yeah. Enabling direct load control
18 technologies are devices, for lack of a better
19 word, devices that a consumer would have
20 installed on his or her home that would allow
21 them to maximize the value of a demand response
22 program.

1 So for example, I think we talked about
2 programable communicating thermostats that can
3 be, in one instance, set by a customer, but also
4 preferences with regard to a PTR program or a
5 CPP program could be communicated to a
6 controlling entity like a Comverge or a utility
7 or someone like that.

8 And during an event, the devices would
9 be controlled remotely so that the customers
10 would be guaranteed to get the benefit, the
11 direct benefit of being that demand resource.

12 Q. So I guess in your testimony, you did
13 not specify or have in mind one specific direct
14 load control technology in order to promote PTR?

15 A. No, we did not.

16 Q. Now, you would also have the Company
17 perform a cost benefit analysis. First of all,
18 let me ask you: What sort of cost would be
19 taken into consideration in that analysis as it
20 relates to these direct load control
21 technologies?

22 A. I think the cost of -- the capital cost

1 of the equipment, the installation, and the
2 software, and program management required to run
3 -- control the devices.

4 Q. How about customer education, would that
5 be something that should be considered as part
6 of the CBA, cost benefit analysis?

7 A. Yeah, I think at some level, you have to
8 educate the customers about the device and what
9 the program was.

10 Q. Now, you understand that, at least it's
11 the company's position, that it will not -- or
12 does not prefer to roll out any additional
13 direct control load technologies with PTR until
14 its AMI plan is functional?

15 A. I understand that position, yes.

16 Q. And we understand that that time frame
17 is around 2015 or 2016, correct?

18 A. Yes.

19 Q. So in any cost benefit analysis that
20 would be conducted soon after the Commission's
21 order in this proceeding, the Company would be
22 taking into account benefits that would be

1 realized near that time frame 2015 and 2016?

2 A. Yeah, I think that's -- a lot of people
3 testified to that today.

4 Q. And the cost that would be considered
5 for anyone of these direct load control
6 technologies would have to be extrapolated
7 forward to that same time frame in order to get
8 a proper measurement of costs and benefits?

9 A. You could extrapolate them forward or
10 discount them backwards. It's the same
11 mathematically.

12 Q. Now, I'm not a technological kind of
13 guy. I take it there are things that would have
14 to occur at the Utility in order for it to
15 implement any one of the direct load control
16 technologies that you generally refer to in your
17 testimony; would that be a fair statement?

18 A. Yes.

19 Q. And now I'm going to ask you about what
20 those things might be. You can either agree or
21 disagree with me, please.

22 A. Okay.

1 Q. Now, let me go back a step. Your
2 company, Comverge, refers to intelligent energy
3 management solutions in its literature, correct?

4 A. Yes, we do.

5 Q. And do you understand what that phrase
6 means?

7 A. Yeah. It means, basically, the
8 technologies that we're talking about. Enabling
9 smart control over energy usage to maximize
10 value to customers.

11 Q. So the AMI deployment that the Company
12 envisions would be one of many -- hold on
13 here -- intelligent energy management solutions?

14 A. It would be an intelligent tool,
15 intelligent energy management tool, yes.

16 Q. Now, would you agree that a company like
17 Ameren Illinois that was ordered to or chose to
18 implement one of these intelligent energy
19 management solutions -- or for the purpose of
20 our discussion, the AMI plan, should take into
21 account the business processes of the
22 stakeholders within the utility such as:

1 Marketing people, IT people, system operators?

2 A. Yeah, it would be integrated into the
3 utility operations, I would think.

4 Q. Now, I'm looking at a white paper from
5 your web site, so I haven't made all this up.

6 But in your white paper on this topic,
7 it refers to the utility company's marketing
8 department benefit from intelligent energy
9 management solutions that enable it to identify
10 the customers most likely to be interested in a
11 new service. Would that hold true for the
12 Company's AMI plan?

13 MR. GIORDANO: Mr. Fitzhenry, can you
14 identify the specific document you are referring
15 to?

16 MR. FITZHENRY: Yeah, I can. I was -- I
17 just had a few questions, but I can certainly
18 give counsel --

19 MR. GIORDANO: I would just like to know
20 what it is.

21 MR. FITZHENRY: Yeah.

22 MR. GIORDANO: Can Mr. Lacey have one?

1 MR. FITZHENRY: Yeah. I will refer to
2 this AIC Cross Comverge Exhibit 1 for purposes
3 of the record.

4 Q. (By Mr. Fitzhenry) Let me ask you
5 first, does this appear to be literature that
6 your company might be producing or making
7 available?

8 A. Yes.

9 Q. And if you look at the front page of the
10 cross-examination exhibit, Mr. Lacey. At the
11 top there's a reference to utilities; do you see
12 that?

13 A. Yes.

14 Q. And lower in that same first page,
15 there's a reference to a white paper and the
16 question: What is intelligent energy
17 management? Do you see that?

18 A. Yes, I do.

19 Q. So what I have attached is the white
20 paper itself. What I'm trying to find out is
21 whether or not evaluation criteria that's on
22 this page here, some of it or all of it, is

1 something that Comverge would also believe
2 should be appropriate for the Company's AMI
3 plan.

4 MR. GIORDANO: Objection. That
5 question's too general. You said valuations on
6 this page. Can you refer the witness to
7 something specific?

8 MR. FITZHENRY: First of all, I was just
9 trying to orient him to the document itself.
10 And I had a question before I share the
11 document. But in the upper left-hand corner, it
12 says "evaluation criteria" on page 8.

13 Are we there?

14 MR. GIORDANO: Yes.

15 MR. FITZHENRY: Okay. Good.

16 Q. (By Mr. Fitzhenry) And you have that
17 document before you?

18 A. I do.

19 Q. So my question was: In the second
20 column, third paragraph down, one of the
21 evaluation criteria taken would be utility
22 company's marketing department identifying the

1 customers most likely interested in the new
2 service. Do you see that?

3 A. I do, yes.

4 Q. Would that hold true for Ameren
5 Illinois' AMI plan; that is, identifying the
6 customers that would be interested in this new
7 service?

8 A. Is the question would we assist the
9 Company, like if we were engaged to do this
10 work?

11 Q. Yes.

12 A. Yes, we could.

13 Q. And you think it's something the Company
14 should do independent of any vendor supplier it
15 might use to roll out the AMI plan, that is
16 identify the customers that most likely would be
17 interested in the program?

18 MR. GIORDANO: When you are talking
19 about "the program," are you talking about --

20 MR. FITZHENRY: AMI.

21 MR. GIORDANO: -- referring to demand
22 response programs or just the AMI plan?

1 MR. FITZHENRY: The AMI plan.

2 MR. GIORDANO: The AMI plan?

3 MR. FITZHENRY: Right. Correct.

4 THE WITNESS: Everybody would be part of
5 the AMI plan, if I understand that plan
6 correctly.

7 Q. (By Mr. Fitzhenry) And later that same
8 paragraph, Mr. Lacey, there's a reference to, I
9 assume, the utility's technicians -- strike
10 that.

11 Let me drop you down to the next
12 paragraph. It says: Therefore, when evaluating
13 an intelligent energy management solution -- and
14 here, Mr. Giordano points out we are talking
15 about the AMI plan -- utility companies must
16 also pay close attention to its ability to meet
17 the requirements of the various utility
18 stakeholders.

19 Would you agree with that statement?

20 A. I would.

21 Q. Let me ask you: Have you read the
22 company's AMI plan back and forth?

1 A. Cover-to-cover and analyzed it?

2 Q. Yes, sir.

3 A. No.

4 MR. FITZHENRY: That's all the questions
5 I have.

6 MR. O'BRIEN: If the parties don't mind,
7 I know I didn't reserve time, can I ask just one
8 question?

9 MR. FITZHENRY: Sure.

10 JUDGE VON QUALEN: You may.

11 MR. O'BRIEN: Thank you.

12 EXAMINATION

13 BY MR. O'BRIEN:

14 Q. Hi, Mr. Lacey. My name is Tim O'Brien.
15 Let me turn that on. We've met before.

16 A. Yes.

17 Q. Mr. Lacey, is it your opinion that
18 third-party suppliers will be the ones to offer
19 peak time rebate CPP and various direct load
20 control programs?

21 A. I -- to residential customers, I don't
22 think third-party suppliers will provide those

1 services.

2 Dr. Faruqui talked earlier today about
3 the benefits of DR accruing to the rate base of
4 all of the customers in Ameren's service area --
5 Ameren's service territory. That presents kind
6 of a social problem to a third-party supplier
7 because a third-party supplier needs to fund a
8 DR program from its customer base, not from the
9 entire customer base.

10 Yet, benefits accrue to everybody, not
11 just the third-party supplier's customers. So
12 there's kind of a -- there's an economic problem
13 there, which is -- so I think for residential
14 customers, it doesn't really work. And I think
15 we're seeing that in the market. There's really
16 no DR program that I'm aware of being offered by
17 a third-party supplier to residential customers
18 anywhere in the country.

19 MR. O'BRIEN: Great. Thank you. That
20 was all I had.

21 JUDGE VON QUALEN: Mr. Giordano, would
22 you like a moment with your witness or do you

1 have any redirect?

2 MR. GIORDANO: I can confer with him for
3 just a second.

4 (Whereupon a short recess was taken.)

5 MR. GIORDANO: We don't have any
6 redirect. Thank you, Your Honor.

7 JUDGE VON QUALEN: Are there any
8 objections to Comverge Exhibits 1.0 RH with
9 attachments 1.1 and 1.2?

10 MR. FITZHENRY: No objection.

11 JUDGE VON QUALEN: Comverge Exhibit 1.0
12 RH and attachments are entered into evidence.

13 Thank you, Mr. Lacey.

14 MR. LACEY: Thank you, Your Honor.

15 MR. GIORDANO: Are you moving for this?

16 MR. FITZHENRY: I don't have an opinion
17 one way or the other. I don't intend to.

18 MR. GIORDANO: Well, that's your call.

19 MR. FITZHENRY: No.

20 JUDGE VON QUALEN: I think that
21 concludes the testimony for today. And now we
22 have some exhibits we're going to put into the

1 record.

2 MR. GHOSHAL: Yes, Your Honor.

3 MR. GIORDANO: Thank you, Your Honor.

4 JUDGE VON QUALEN: Thank you.

5 MR. GHOSHAL: Your Honor, CUB moves for
6 the admission of the following exhibits into the
7 record: CUB/ELPC Exhibit 2.0 RH pre-filed on
8 the e-docket August 24th; revised CUB Exhibit --
9 excuse me -- revised CUB/ELPC Exhibit 2.1 RH
10 pre-filed on e-docket September 18th; CUB/ELPC
11 Exhibit 2.2 RH pre-filed on e-docket
12 August 24th; and one piece of testimony that has
13 not been entered into the record or pre-filed
14 yet, that's the affidavit of Chris Thomas. That
15 will be CUB/ELPC Exhibit 2.3 RH.

16 And we also move for the admission of
17 CUB/ELPC Exhibit 3.0 RH pre-filed on e-docket
18 August 24th; CUB/ELPC Exhibit 3.1 RH pre-filed
19 on e-docket August 24th; and the affidavit of
20 Mr. Colin Meehan CUB/ELPC Exhibit 3.2 filed this
21 morning, September 20th.

22 That is all for CUB/ELPC.

1 JUDGE VON QUALEN: Are there any
2 objections to CUB/ELPC's exhibits?

3 MR. FITZHENRY: No objection.

4 JUDGE VON QUALEN: Hearing none,
5 CUB/ELPC Exhibit 2.0 RH; 2.1 RH revised; 2.2 RH;
6 2.3 RH, which is the affidavit of Chris Thomas
7 to be filed; 3.0 RH; 3.1 RH; and 3.2 RH are
8 admitted into evidence.

9 (Whereupon CUB/ELPC Exhibits
10 2.0 RH, 2.1 RH, 2.2 RH,
11 2.3 RH, 3.0 RH, 3.1 RH,
12 3.2 RH were admitted into
13 Evidence at this time.)

14 MR. GHOSHAL: Thank you, Your Honor.

15 JUDGE VON QUALEN: Thank you.

16 Does Ameren have anything that needs --

17 MR. FITZHENRY: The brief new schedule's
18 in place; is that correct?

19 JUDGE VON QUALEN: Staff?

20 MS. CARDONI: Yes, Your Honor. At this
21 time Staff moves to admit into evidence the
22 direct testimony on rehearing of Eric Schlaf,

1 which is marked as ICC Staff Exhibit 4.0 filed
2 on e-docket on August 24, 2012, and verified as
3 affidavit, marked as ICC Staff Exhibit 6.0 which
4 was filed yesterday, September 19th, on
5 e-docket.

6 JUDGE VON QUALEN: Are there any
7 objections to ICC Staff Exhibits 4.0 or 6.0?

8 MR. FITZHENRY: No objection.

9 JUDGE VON QUALEN: Staff Exhibits 4.0
10 and 6.0 are entered into evidence.

11 Is there any other evidence to be
12 entered? Hearing none.

13 We do have a schedule for briefing.
14 That, I believe, is for initial briefs on
15 October the 3rd and reply briefs on October
16 the 10th.

17 (Whereupon Staff Exhibits 4.0
18 and 6.0 were admitted into
19 Evidence at this time.)

20 MR. FITZHENRY: Correct.

21 JUDGE VON QUALEN: I'm not going to mark
22 the record heard and taken as the AG still has a

1 filing to make.

2 MR. O'BRIEN: CUB's revised exhibits.

3 JUDGE VON QUALEN: Okay. So when those
4 filings are made, those records will be marked
5 heard and taken.

6 Is there anything else we need to
7 discuss this afternoon?

8 MR. FITZHENRY: Do Your Honors want a
9 common brief outline by the parties?

10 JUDGE VON QUALEN: If the parties wish
11 to prepare one, that will be fine. Let us know
12 if you are going to. Have you talked about it?
13 Is that the plan?

14 MS. MUNSCHE: We have not yet talked
15 about it. But I think we can probably discuss
16 it.

17 MR. FITZHENRY: We'll confer with the
18 parties. And if we can reach an agreement, we
19 will share that with you. Early next week?

20 JUDGE VON QUALEN: That would be fine.

21 MR. GIORDANO: What about a draft order,
22 are you asking for that? Are you asking for

1 draft orders or not?

2 JUDGE VON QUALEN: We haven't put a
3 request for a draft order in the record. I
4 don't know. We accept draft orders. Whatever
5 parties want to prepare one and file it, that's
6 fine.

7 Is the Company planning on filing a
8 draft order?

9 MR. FITZHENRY: Yes. We would do that
10 some days after replies briefs.

11 MR. GIORDANO: So it's up to the --

12 JUDGE VON QUALEN: It's optional.

13 MR. GIORDANO: Okay.

14 JUDGE VON QUALEN: If you are going to
15 file one, though, you should let us know so that
16 we know one's coming in.

17 MR. GIORDANO: Okay.

18 JUDGE VON QUALEN: We will assume if we
19 don't hear anything, only the Company will be
20 filing a draft order.

21 MR. GIORDANO: But we could file a
22 draft -- a partial draft order limited to

1 certain issues?

2 JUDGE VON QUALEN: Yes, you may.

3 MR. GIORDANO: Okay. Thank you.

4 JUDGE VON QUALEN: But if you file it
5 much later than a little bit after the reply
6 brief, it's pretty much -- it's too late to be
7 of use for us.

8 MR. FITZHENRY: We will commit to an
9 October 14th filing.

10 JUDGE VON QUALEN: Is there anything
11 else that the parties wish to discuss? All
12 right. Then I will continue this matter
13 generally. Thank you all.

14 (Further saith not)

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